

# Borussia Dortmund GmbH & Co KGaA

**Outperform → | Target price : 5.00 €**

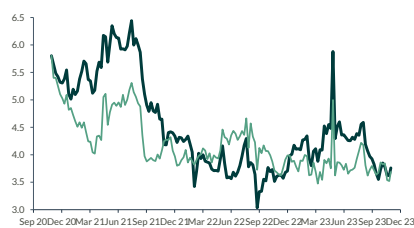
Price (29/11/2023) : € 3.76 | Upside : 33%

Revision	06/24e	06/25e
EPS	ns	ns

## A football club with profitable growth

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Sources : ODDO BHF Securities, SIX

Share data	
BVB GY   BVB.PR	
Market Cap (€m)	415
Enterprise value (€m)	522
Extrema 12 months (€)	3.53 - 5.88
Free Float (%)	67.2

Performance (%)	1m	3m	12m
Absolute	0.5	-18.0	7.2
Perf. rel. Country Index	-5.9	-17.9	2.1
Perf. rel. Hotel / leisure	-4.5	-11.4	2.7

P&L	06/24e	06/25e	06/26e
Sales (€m)	427	447	459
EBITDA (€m)	113	115	118
Current EBIT (€m)	22.6	24.7	28.3
Attr. net profit (€m)	16.9	18.5	22.3
Adjusted EPS (€)	0.15	0.17	0.20
Dividend (€)	0.06	0.06	0.06
P/E (x)	24.6	22.4	18.6
P/B (x)	1.4	1.3	1.3
Dividend Yield (%)	1.6	1.6	1.6
FCF yield (%)	ns	ns	ns
EV/Sales (x)	1.22	1.08	0.96
EV/EBITDA (x)	4.6	4.2	3.7
EV/Current EBIT (x)	23.1	19.6	15.5
Gearing (%)	36	22	7
Net Debt/EBITDA (x)	0.9	0.6	0.2

**Borussia Dortmund GmbH & Co. KGaA (“BVB”)** is one of the leading professional football businesses in Germany and Europe and one of the few clubs listed on a stock exchange. The economic success depends primarily on the sporting performance of the licensed football team and the quality and performance of the players and coaches. In view of growing revenues (CAGR 3.1%, 2022/23 to 2025/26e) and EBIT margins (plus 220bp to 6.2% in 2025/26e vs 2022/23), and a highly attractive financial profile (average positive FCF of ca. € 51m, 2024/25e to 2025/26e, equity ratio >55%, net debt/EBITDA <0.6x as of 2024/25e), we initiate coverage with Outperform and a target price of € 5.00.

### “Sweet Spot” positioning offers attractive and consistent financial returns

BVB has a dominant / incumbent position in the top league competitions with a yearly presence on European stage. Great focus is placed on sourcing high-potential players, player development and selling players at significant premiums. This sets the company apart from certain larger football businesses (“Global brands”) which require significant ongoing transfer investments to maintain squad level at top of key European leagues, which is associated with limited profitability and cash flow generation (negative transfer profit).

### Strong business model with promising upside potential

The company’s business model is based on a virtuous cycle of success. A leading position in the German football league facilitates consistent access to European competitions, drives larger revenue potential and is a “shop window” to entice young talent. Over the last 5 years (2018/19 to 2022/23), BVB received a total pay-out by the UEFA Champions League (UCL) of almost € 352m (equivalent to ca. 19% of total revenues). With a high probability of UCL participation and the new format (36-team group stage vs 32-team group stage currently) starting in the 2024/25 season, pay-out by the UCL is expected to increase further. Together with a rise in other revenue streams and improved profitability, we forecast total revenues of ca. € 459m in 2025/26e (+9.7% vs. 2022/23) and an EBIT margin of 6.2% (plus 220bp vs 2022/23).

### Highly attractive financial profile

BVB is expected to report an average positive FCF of ca. € 51m (2024/25e to 2025/26e), net debt/EBITDA <0.6x as of 2024/25e and an equity ratio >55%. Despite a conservative and extremely prudent Capex strategy (transfer expenses in the same amount as transfer income), we believe that the company will continue to use its financial resources to make the squad even more competitive in the future.

### Initiation with Outperform and a target price of € 5.00

We have used a DCF model and a valuation approach based on the multiples of BVB’s peers to determine the fair value of the company. As consensus estimates for listed European football peers are limited (except for Manchester United and Olympique Lyonnais Groupe) and Manchester United is potentially being sold to investors (which is unlikely in Germany given the 50+1 Rule restricting investments by external investors), we prefer to take a conservative approach and retain the lowest fair value (DCF). This gives us a target price of € 5.00. We initiate coverage with Outperform. BVB trades at 1.22x 2023/24e EV/Sales, below its 10-year historical average of 1.31x EV/Sales and also at a discount to the median of its peer group.

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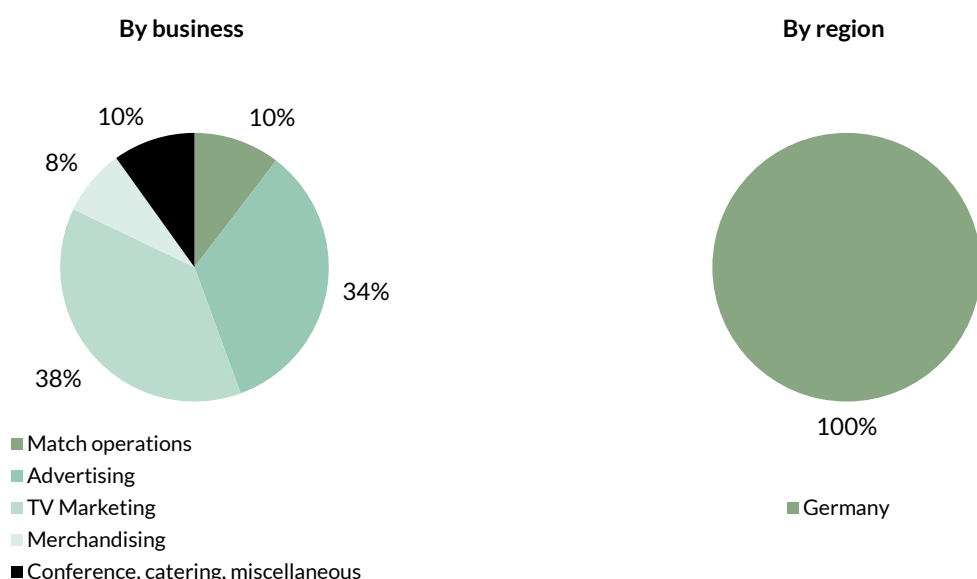
<b>Borussia Dortmund GmbH &amp; Co KGaA</b>		<b>Outperform</b>
Leisure   Germany	Target price :	5.00 €
Market Cap: € 415m	Price (29/11/2023) :	€ 3.76

## Company profile | Shareholders

Founded in 1909, Borussia Dortmund GmbH & Co. KGaA ("BVB") is one of the leading professional football businesses in Germany and Europe, both in terms of sporting success and revenue. The focus lies on the core business of professional football with its classic pillars of revenue: TV marketing, advertising, match operations, merchandising, conference, catering and miscellaneous, and transfer deals. The economic success depends on the sporting performance of the Licensed Football Team and the quality and performance of the players. BVB is one of the few clubs listed on a stock exchange. It became a public traded company on 31 Oct. 2000 and is listed in the SDAX (Prime Standard) in Germany.

Free Float (incl. 4.7% of BV Borussia 09 e.V.)	67.24%
Bernd Geske	8.24%
Evonik Industries AG	8.19%
SIGNAL IDUNA	5.98%
PUMA SE	5.32%
Ralph Dommermuth Beteiligungen GmbH	5.03%

## Sales breakdown (2022)



## Investment case

Borussia Dortmund GmbH & Co. KGaA ("BVB") is one of the leading professional football businesses in Germany and Europe and one of the few clubs listed on a stock exchange. The economic success depends primarily on the sporting performance of the licensed football team and the quality and performance of the players and coaches. In view of growing revenues and EBIT margin, and a highly attractive financial profile, we rate the shares with Outperform.

## SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- One of the leading football teams in Germany and Europe</li> <li>- Strong scouting and youth development program</li> <li>- Highly attractive financial profile</li> <li>- Wide geographic presence</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Football success is difficult to plan</li> <li>- Failure to compete for players and coaches</li> <li>- 50+1 rule restricts investments by external investors</li> <li>- Dividend payment depends on revenues and sporting success</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Higher income from TV marketing</li> <li>- Maintaining and capitalizing on the BVB brand</li> <li>- Transfer deals</li> </ul>	<ul style="list-style-type: none"> <li>- Tougher competition in the German Bundesliga</li> <li>- Default risks of media right holders or sponsors</li> <li>- Transfer market impacted by "new economically powerful clubs"</li> </ul>



## ESG

Borussia Dortmund has established a comprehensive ESG management approach and is the first Bundesliga club and only the second European football club to have joined the UN Global Compact (UNGC).

### Environment:

The responsible consumption of energy and a commitment to environmental protection are fundamental principles for BVB. The focus is on becoming more energy efficient, reducing harmful emissions and using environmentally friendly renewable energy. BVB's way to zero includes fans, team and employee traveling, sustainable events & products as well as renewable energy and waste recycling. For example, water consumption was reduced by 12.6% between 2022/23 and 2021/22. In 2022/23, the solar panels on the roof of the stadium generated 384,477 kWh of green electricity that was fed back into the city's electricity grid (equivalent to a reduction in CO2 emissions by 170 tonnes). In addition, BVB has a pilot project with Fraunhofer IEG utilizing geothermal energy to heat the stadium, implemented ISO 14001/50001 and uses a holistic approach of ecofriendly BVB-merchandising products.

### Social:

As an employer, the club has an obligation to ensure that its employees receive equal treatment and enjoy equal opportunities. BVB has a diverse and multinational workforce. As of June 2023, 259 women and 654 men were employed at Borussia Dortmund. The proportion of female employees was around 28%. The Supervisory Board, which comprises nine members, includes two women. There are currently no women at the management team. Only one woman is at the director level. BVB's professional squad employs players from 11 countries. The club has a commitment to various social initiatives through its "Leuchte Auf" foundation which donated approx. € 0.4m in 2022/23.

### Governance:

Clearly structured and lived corporate governance is very important to Borussia Dortmund. It stands for company management and controlling that is responsible, transparent, and focused on long-term value creation. Efficient work together between the management and supervisory board, attention to shareholders' interests, and openness and transparency in corporate communication are large parts of good corporate governance. This is the orientation of the management of Borussia Dortmund Geschäftsführungs-GmbH as the general partner of Borussia Dortmund GmbH & Co. KGaA (the "company") and the supervisory board of the company.

Distinctions specific to the legal form of Borussia Dortmund GmbH & Co. KGaA: A KGaA is a mixture between a stock company (AG) and a limited partnership (KG). It concerns a company that is its own legal entity for which at least one partner (the general partner) is liable without limit towards the company's creditors and in which the limited partners with shares have an interest in the share capital but are not liable for the liabilities of the company (section 278 par. 1 AktG).



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# ONE OF THE MOST SUCCESSFUL FOOTBALL CLUBS IN EUROPE

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*Borussia Dortmund is one of the leading professional football businesses in Germany and Europe, both in terms of sporting success and revenue. The focus lies on the core business of professional football with its classic pillars of income: TV marketing, advertising, match operations, merchandising, conference, catering and miscellaneous, and transfer deals. The economic success depends primarily on the sporting performance of the Licensed Football Team and the quality and performance of the players and coaches.*

*BVB's strategy is based on defending and strengthening its position as one of the leading football clubs in the Bundesliga and securing a permanent position among the leading clubs in Europe. The company is guided by the principle of maximizing sporting success without increasing its debt. To pursue this strategic goal, BVB seeks to improve its business results and the value of the Borussia Dortmund brand in a sustainable manner.*

## Sporting and economic success

Borussia Dortmund GmbH & Co. KGaA (also referred to as the "company" or "BVB" in the following) is one of the leading professional football businesses in Germany and Europe, both in terms of sporting success and revenue. It has 3 offices (Dortmund, Shanghai, Singapore) on multiple continents and more than 30 countries have a strong BVB fan connection. The focus lies on the club's core business of professional football with its classic pillars of income: TV marketing (incl. broadcast rights, pay TV), advertising (i.e. sponsoring), match operations (incl. ticketing), merchandising, conference, catering and miscellaneous, and transfer deals (i.e. compensation payments for players). The economic success depends primarily on the sporting performance of the licensed football team and the quality and performance of the players and coaches.

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### A very successful club

The licensed football team participates in several national and international competitions, attracting fans from all over the world:

- On a national level, the team competes in the German Club Competitions, i.e., the Bundesliga (since 1963/64) and the DFB Cup (since 1935) and – depending on its success in the Bundesliga and the DFB Cup – in the DFL Supercup.
- On a European level, the team regularly participates in the UEFA Champions League and the UEFA Europa League.

In the past, the team has been very successful nationally and internationally. On a national level, it has won the German Championship (Bundesliga) eight times, the DFB Cup five times and the DFL Supercup six times. On a European level, the team has won the UEFA Champions League in 1997 and has qualified for the UEFA Champions League or the UEFA Europa League every single year since the 2009/10 season.



## Borussia Dortmund is one of the eldest and most decorated football clubs in Europe

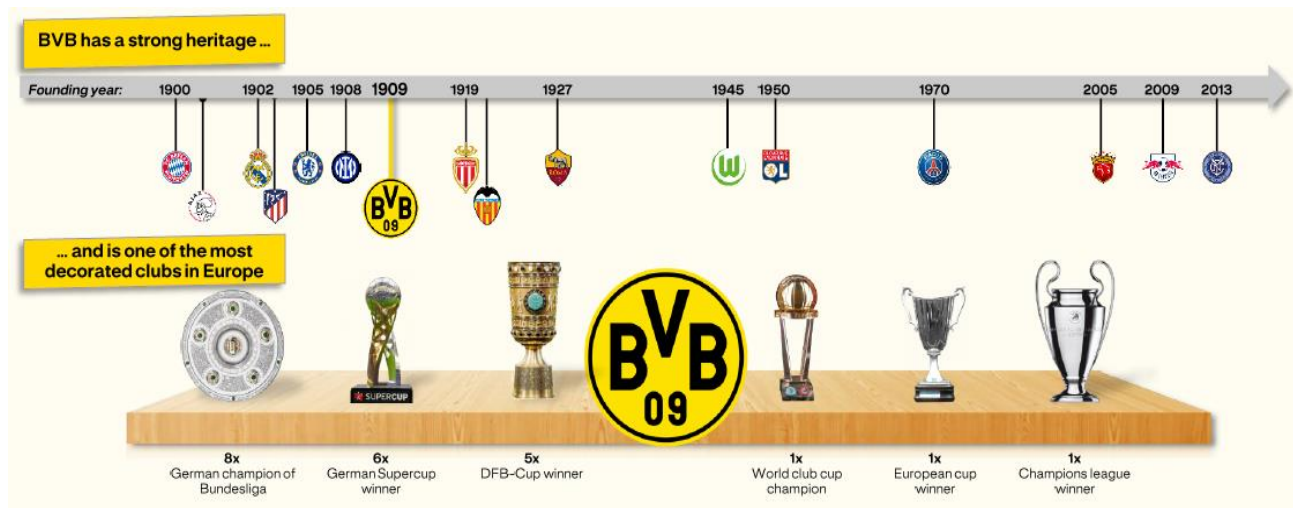


Chart 1 - Source: Borussia Dortmund

### Awards - Overview

Awards	Year
German championship	1956, 1957, 1963, 1995, 1996, 2002, 2011, 2012
German cup (DFB-Pokal)	1965, 1989, 2012, 2017, 2021
German DFL Supercup	1989, 1995, 1996, 2013, 2014, 2019
UEFA Champions League	1997
European Cup Winners's Cup	1966
UEFA Super Cup	1997

Table 2 - Source: Borussia Dortmund

In an all-time standing of the Bundesliga, BVB comes second (based on the number of points) over the period from 1963/64 to 2022/23. The club played 1,900 matches of which ca. 46% were won.

### All time standing - Bundesliga (1963/64 to 2022/23)

Club	Matches	Points	Won	Draw	Lost
1 Bayern München	1,976	3,995	60.2%	21.7%	18.2%
2 Borussia Dortmund	1,900	3,077	45.7%	24.9%	29.4%
3 SV Werder Bremen	1,968	2,922	41.2%	25.0%	33.8%
4 VfB Stuttgart	1,900	2,763	40.3%	24.6%	35.1%
5 Borussia Mönchengladbach	1,874	2,762	40.4%	26.2%	33.4%

Table 3 - Sources: transfermarkt, as of 19 October 2023

A ranking among the top 4 teams in the Bundesliga automatically qualifies for the financially lucrative competition in the UEFA Champions' League group stage.



High enterprise value and strong revenues

Borussia Dortmund, as one of two German clubs among the top 15 of the European Elite 2023 football clubs' valuation, has an enterprise value of ca. € 1.6bn to ca. € 1.8bn. Its y-o-y increase of 41% (midpoint of its enterprise value) is slightly above the average y-o-y increase of 40% of all 32 clubs included in the ranking.

Enterprise value (€ m) of European Football clubs (as of 2023)

RANKING CHANGE	CLUBS	RANGE - EURm	
		BOTTOM	TOP
1  5	MANCHESTER CITY FC	3,939	4,207
2  1	REAL MADRID CF	3,874	4,138
3  1	MANCHESTER UNITED FC	3,814	4,050
4  1	LIVERPOOL FC	3,768	4,033
5  1	FC BAYERN MÜNCHEN	3,707	3,968
6  3	FC BARCELONA	3,378	3,630
7 =	CHELSEA FC	2,878	3,100
8 =	PARIS SAINT-GERMAIN FC	2,752	2,964
9 =	TOTTENHAM HOTSPUR FC	2,691	2,869
10  1	ARSENAL FC	2,211	2,391
11  1	ATLÉTICO DE MADRID	1,742	1,891
12  2	JUVENTUS FC	1,720	1,867
13 =	BORUSSIA DORTMUND	1,658	1,806
14 =	FC INTERNAZIONALE MILANO	1,204	1,312
15 =	AC MILAN	1,012	1,108

Chart 4 - Source : The European Elite 2023, Enterprise value calculated as the sum of the market value of the owner's equity, plus total debt, less cash and cash equivalents

An important part of the business relates to the training and development of talented young players. The club attracts and develops young football players through its youth academy (Nachwuchsleistungszentrum), which also is a strong source for future players for the licensed football team. The youth academy provides an excellent training environment for future Bundesliga players and players in other internationally prominent leagues.

Since the 2021/22 season, BVB also has a women's team. Instead of acquiring the license of another professional club, BVB will be organically developing and promoting women's football within the club.



It is the goal to defend and to strengthen the position as one of the leading football clubs in the Bundesliga and to secure a permanent position among the leading clubs in Europe.

In the Financial Year 2022/23, Borussia Dortmund generated revenues of ca. € 418m and an EBIT of € 16.9m (EBIT margin of 4.0%). The club had 923 employees during the reporting year. BVB is domiciled in Dortmund (Germany) and the shares are listed in the SDAX, which belongs to the Prime Standard and the DAX index family. It became a public traded company on 31 October 2000 with an opening price of € 11.

## Development of Revenues (€ m) and EBIT margin (2018/19 to 2022/23)

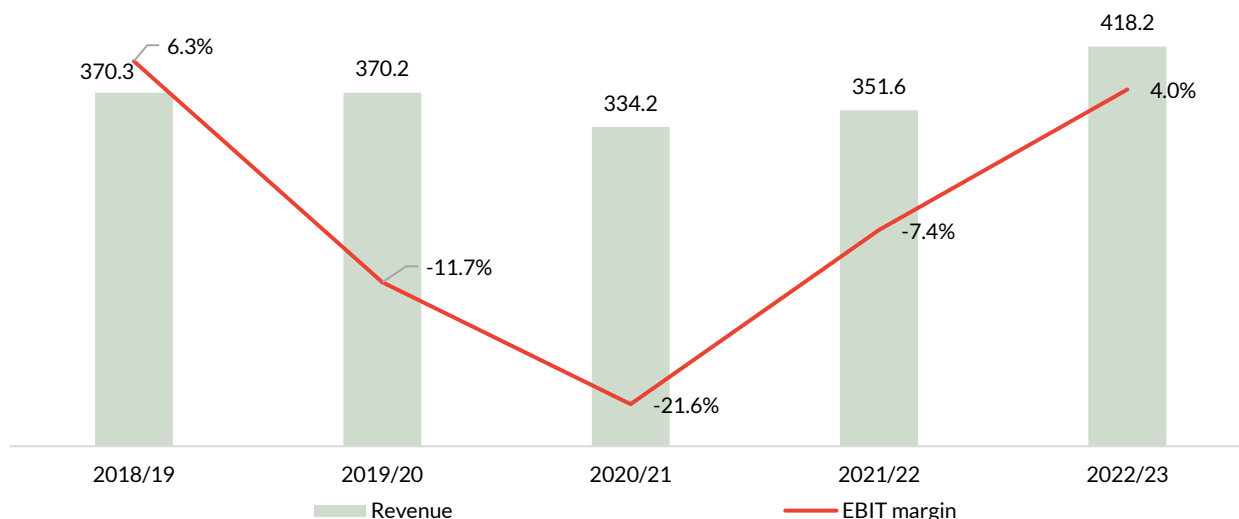


Chart 5 - Sources: Borussia Dortmund, ODDO BHF Securities

## Positioned in the sweet spot of a globalizing football market

We believe that BVB is positioned in the “sweet spot” of a globalizing football market. It is one of the top 15 European clubs in terms of revenue (ranked no. 13 according to Deloitte Football Money League, 2022) and ranked second among its German peers. In addition to monetizing its brand, the constant presence on the European stage allows the club to focus on sourcing high-potential players, player development and selling players at significant premiums. This sets the company apart from certain larger football businesses (“Global brands”) which require significant ongoing transfer investments to maintain squad level at top of key European leagues, which is associated with limited profitability and cash flow generation (negative transfer profit).





## Borussia Dortmund – attractive and consistent returns through “Sweet Spot” positioning

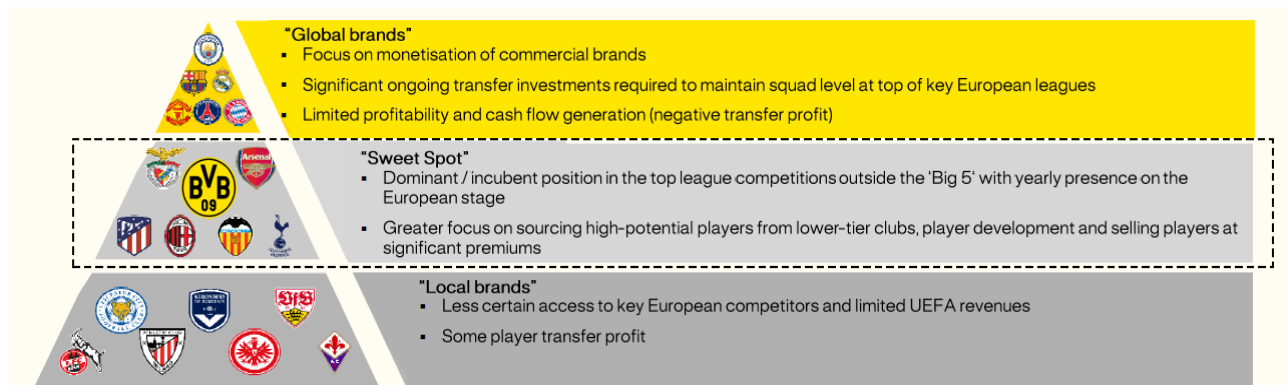


Table 6 - Source : Borussia Dortmund

## Pillars of the corporate strategy

As the first listed German football company, the company has expanded its financial base by exclusively marketing the rights to SIGNAL IDUNA PARK as well as by utilising and maintaining the Borussia Dortmund brand more effectively. The company will continue to focus heavily on its core business of professional football and the sport's classic revenue pillars: TV marketing, advertising, match operations, transfer deals, conference, catering and miscellaneous activities, and merchandising. BVB is confident that it will be able to further stabilise and expand its position for the following reasons:

- Borussia Dortmund is in sporting terms one of the most successful, well known and popular German football clubs with an outstanding fan base that gives it one of the highest average spectator numbers compared to other European football clubs.
- A football enterprise can only be financially successful if it enjoys sporting success over the long-term. In order to make its financial performance less dependent on short-term sporting success, BVB will push ahead further with the national and international marketing of its brand name.
- Germany continues to be one of Europe's largest football markets, although it lags behind other European markets, such as the UK, in terms of media exploitation rights. This means Germany has major growth potential.

All financial activities of the company are geared towards the target groups relevant to a football club: its fans, members and business partners. Products and services should be tailored to these groups as closely as possible. Borussia Dortmund intends to use the brand potential at its disposal to take full advantage of the commercial opportunities inherent in professional club football at an international level. The company uses its sporting and financial success to assume responsibility, which is tied closely to Dortmund and the surrounding region, and recognises sustainable development as a guiding principle at global level. What it means for BVB is to act in a way that satisfies the needs of today without restricting the opportunities of future generations, while giving equal consideration to the three dimensions of sustainability – economic efficiency, social equity and environmental viability.

BVB's current business strategy can be summarized as follows:

- Sustainably adjusting athletic prospects.
- Intensifying the promotion of up-and-coming talent.
- Increasing fan involvement.
- Utilising and maintaining the Borussia Dortmund brand.
- Structuring the business activities and relationships sustainably.



Financial performance and business development are dependent on footballing success. Since footballing success is difficult to plan, the best that management can do is to create a solid foundation for success. Investments, particularly in the professional squad, are therefore a necessary prerequisite for achieving footballing objectives such as qualifying for the UEFA Champions League. However, in order to meet financial objectives, planned investments and decisions are under certain circumstances postponed to the extent these would only be possible by incurring new debt. Moreover, a player might be sold based on financial considerations in cases where this would not have happened had the decision been made purely on the basis of sporting criteria.

Thus, a conflict arises between the pursuit of financial interests and sporting interests, i.e., a situation in which sporting considerations and financial considerations may be at odds with each other, particularly if the club continually falls short of its sporting goals in the long term. In such cases, management weighs the opportunities and risks to find a solution that does adequate justice to the company's strategic objectives.

In this context, advertising plays a key role. Over the years, advertising has grown to become one of the company's largest income categories. In contrast to central TV marketing, where distribution is already clearly defined in advance, BVB's management is itself able to determine the requirements for and direction of sponsoring activities and, if necessary, modify the strategy implemented as circumstances change. The key figures for the sponsoring segment were already budgeted for the coming years based on commitments from SIGNAL IDUNA Group (ending 2031) and PUMA International Sports Marketing B.V. (ending 2028), the Company's chief partners, as well as the two primary sponsors 1&1 Telecommunication SE and Evonik Industries AG (both ending 2025).

Regarding the Borussia Dortmund brand, the club intends to significantly increase its international brand presence in core markets such as the United States and Asia. For example, in July 2023, the Licensed Football Team made a tour in the United States, visiting San Diego, Las Vegas and Chicago. During that tour, the team played three promotional matches against San Diego Loyal, Manchester United and FC Chelsea.

BVB was the first German football club to open a representative office in Singapore as well as an office in Shanghai. Through this presence, the company is actively screening the market in Mainland China and the Asia-Pacific region as a whole for promising sponsors and potential partnerships in order to capitalize on its brand. Furthermore, the club is also constantly updating its social media outreach to keep up with the pace of digitalization and further unlock the revenue generating potential in domestic and international markets.



# EUROPEAN FOOTBALL MARKET – INDUSTRY DYNAMICS

The European football market represents an important part of BVB's business activities alongside the German football market. The club's goal is to secure a permanent position among the top 15 leading clubs in Europe through regular participation in the European Club Competitions, in particular the UEFA Champions League, which is key to BVB's economic success.

## Market highlights

Football is a very popular sport in Europe and generates large interests (national, international) from traditional pay-TV and free-to-air broadcasters as well as from social media platforms (for example YouTube TV) and new players such as DAZN or Amazon. Structural tailwinds drive revenues, and the biggest stars are part of the game.

The highlights of the market include popularity, premium content, structural tailwinds, European footprint and German heritage.

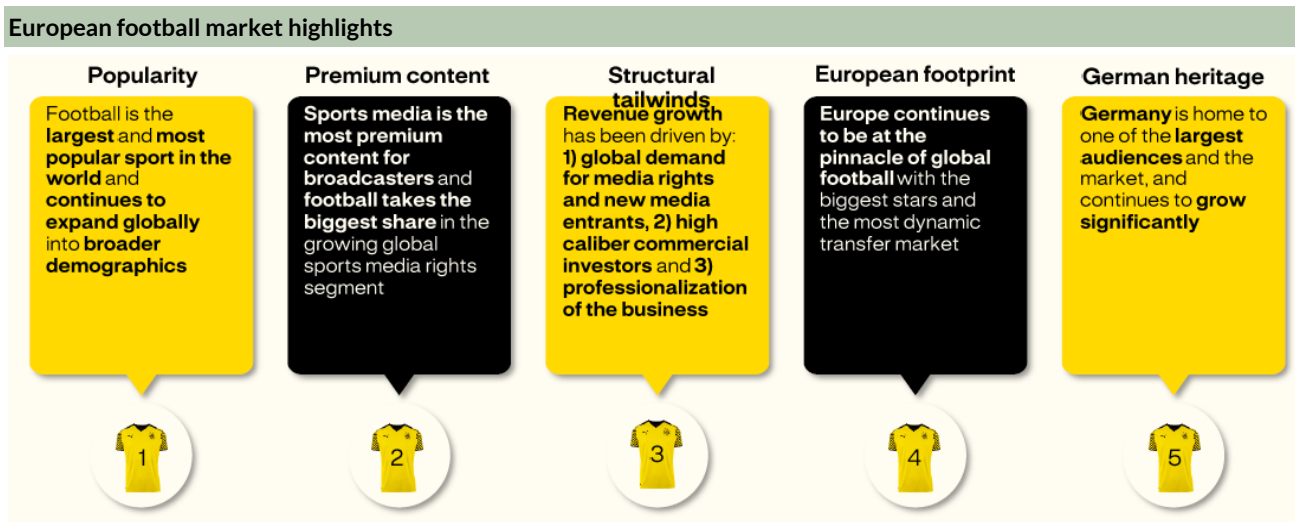


Chart 7 - Source: Borussia Dortmund

## A market of ~€ 30bn revenues

Within the global football market, the European football market is the most important one in commercial terms. Total revenues have grown from ca. € 27.6bn (2020/21) to ca. € 29.5bn during the 2022/23 season, including a revenue growth from ca. € 3bn to ca. € 3.1bn from the German Bundesliga. As a leading football club, we believe that BVB will benefit from its strong positioning across both markets (Europe, German Bundesliga).



Market size (revenue in € bn), 2022/23

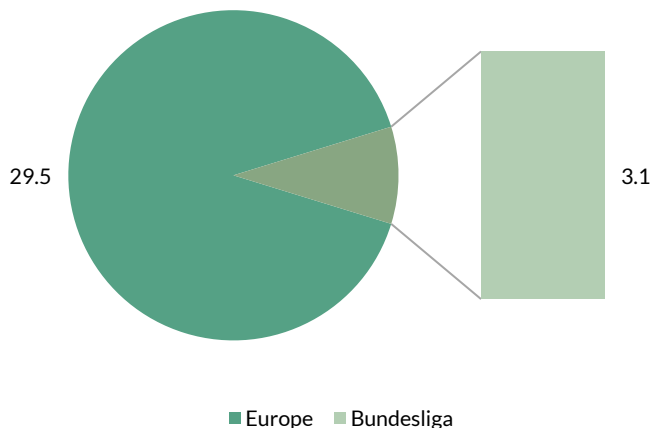
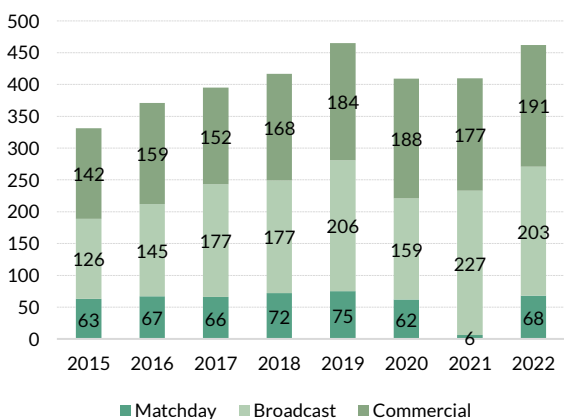


Chart 8 - Source: Deloitte Analysis

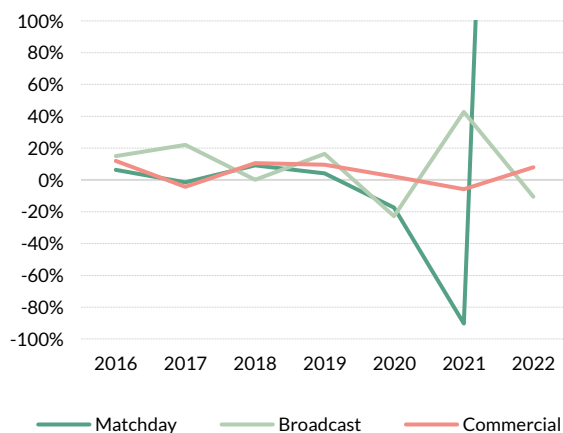
### Significant revenue growth across the board

Football clubs generate revenue streams from commercial (incl. sponsorship, merchandising), match day (incl. ticket, corporate hospitality) and broadcast (incl. distributions from participation in domestic leagues, cups, UEFA club competitions). According to Deloitte, the top 20 European football clubs reported revenues of € 9.2bn (2021/22), almost equivalent to pre-pandemic levels (2018/19), but about 13% above the 2020/21 season. Since 2015, the average revenue stream of the top 20 European football clubs (based on Deloitte Football Money League 2023) has grown between a CAGR of 1.1% (average match day revenue) and a CAGR of 7.1% (average broadcast revenue); commercial revenue has grown by a CAGR of 4.3%.

Average revenue (€ m), 2015 to 2022



Average revenue (% change yoy), 2015 to 2022

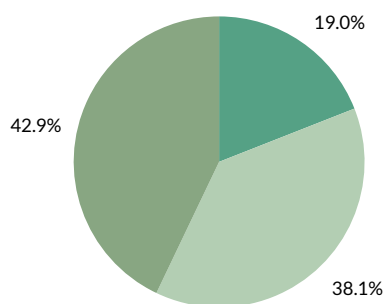


Charts 9 - Source: Deloitte Football Money League

Over the same period (2015 to 2022), the percentage share of average match day revenues as a percentage of total revenues has declined from 19.0% to 14.7% whereas the percentage share of broadcast revenue has increased from 38.1% to 43.9%, thereby highlighting the importance of revenue from broadcast to the clubs.

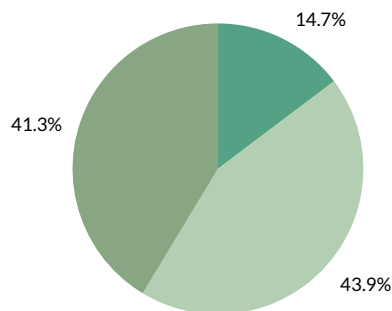


Revenue streams (2015)



■ Matchday ■ Broadcast ■ Commercial

Revenue streams (2022)



■ Matchday ■ Broadcast ■ Commercial

Charts 10 - Source: Deloitte Football Money League

### Top 15 clubs by revenue are European

Among the top 15 largest clubs by revenue are 7 clubs from England, three from Spain and two from Germany and Italy. Only one club (Paris Saint-Germain) is from France. However, Paris Saint-Germain is responsible for ca. 8% of the total revenues of the 15 largest clubs in 2022. The highest revenue growth (CAGR, 2015 to 2022) was reported by Atletico Madrid whereas the revenue growth of Arsenal was almost flat over the same period. Borussia Dortmund is ranked 13 in terms of 2022 revenues with a CAGR of 3.5% (2015 - 2022). Please note that revenues reported by Deloitte Money Football League may differ to the revenues (if reported by the club).

Top 15 clubs by revenue (€ m), 2022 vs 2015

Position	Club	Country	2022	2015	Chg	CAGR
1	Manchester City	England	731	464	57.7%	6.7%
2	Real Madrid	Spain	714	577	23.7%	3.1%
3	Liverpool	England	702	392	79.1%	8.7%
4	Manchester United	England	689	520	32.6%	4.1%
5	Paris Saint-Germain	France	654	481	36.1%	4.5%
6	Bayern Munich	Germany	654	474	37.9%	4.7%
7	FC Barcelona	Spain	638	561	13.8%	1.9%
8	Chelsea	England	568	520	9.3%	1.3%
9	Tottenham Hotspur	England	523	258	103.1%	10.7%
10	Arsenal	England	434	436	-0.5%	-0.1%
11	Juventus	Italy	401	324	23.7%	3.1%
12	Atletico de Madrid	Spain	394	187	110.5%	11.2%
13	<b>Borussia Dortmund</b>	<b>Germany</b>	<b>357</b>	<b>281</b>	<b>27.2%</b>	<b>3.5%</b>
14	FC Internazionale Milano	Italy	308	165	87.1%	9.4%
15	West Ham	England	310	161	92.8%	9.8%

Table 11 - Source : Deloitte Football Money League

In 2022, the teams from England accounted for ca. 49% of 2022 revenues, followed by Spain (ca. 22%) and Germany (ca. 13%).



Top 15 clubs - revenue by country (as a % of total revenue), 2022

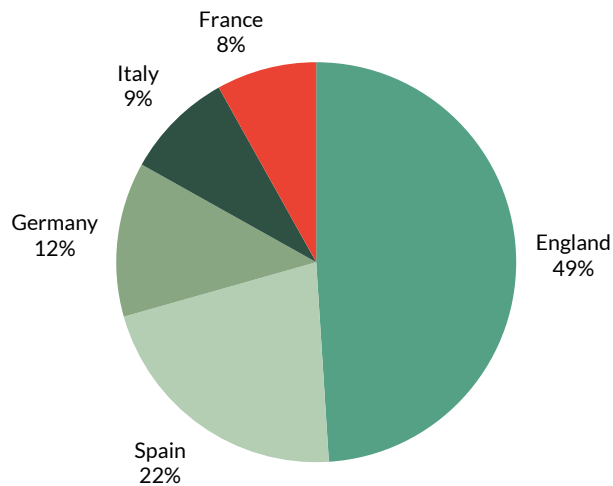


Chart 12 - Source : Deloitte Football Money League

We assume that the high revenue share of the English clubs can partly be attributed to the broadcasting revenue (2022/23) of € 3.9bn (incl. a large international share) received by the Premier League, which is more than the sum received by LaLiga (€ 2.0bn) and Bundesliga (€ 1.2bn). In our view, the German Bundesliga faces an untapped potential in its international market penetration. Currently, the international share is less than 15%, opposed to the Premier League’s and LaLiga’s share of 53% and 48% respectively.

German football can reach international markets

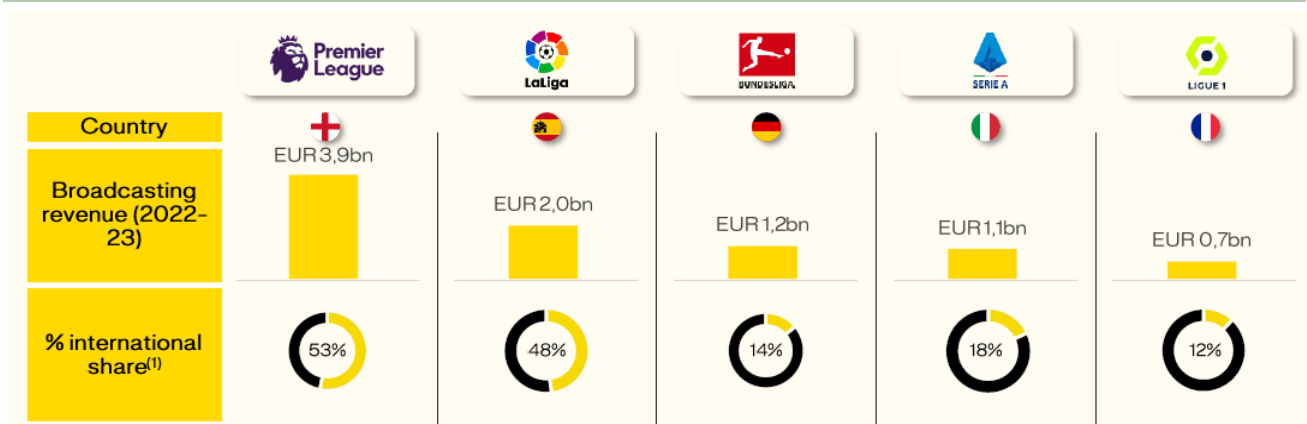


Chart 13 - Sources : Borussia Dortmund, The European Club Footballing Landscape; 1) percentage of broadcasting revenue earned from international viewership

Social media followers

Football clubs can be compared on financial and/or non-financial metrics. One of the metrics used for comparison is social media following. The two Spanish clubs, Real Madrid and FC Barcelona, take the lead with more than 270m followers each. BVB, as one of two German clubs included in the top 15 ranking, has around 41m followers (incl. Facebook, Instagram, Twitter now X, YouTube, TikTok).



## Social media followers (m) as of 1 February 2022

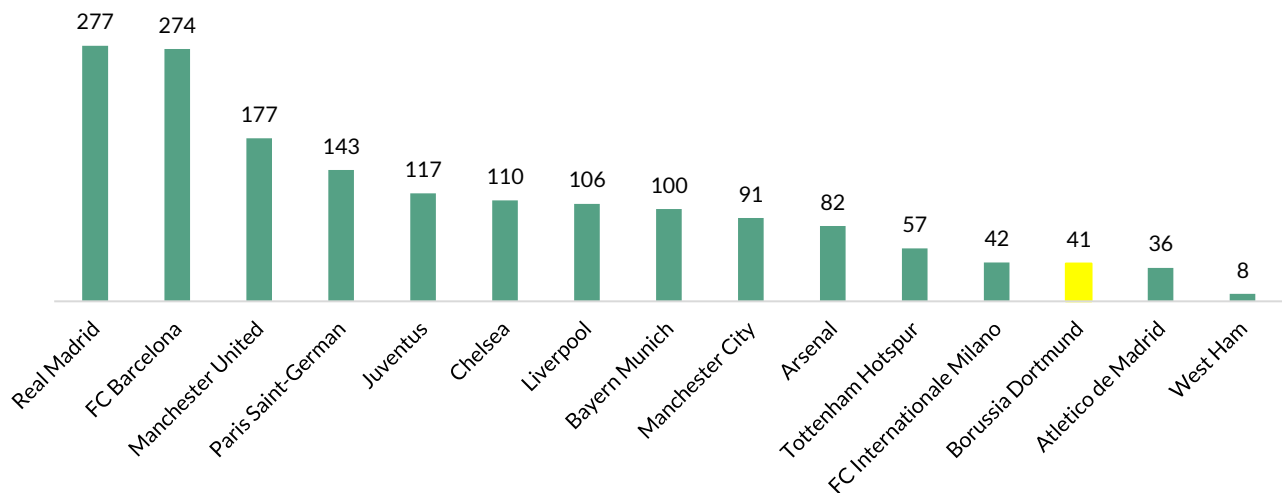


Chart 14 - Sources: Deloitte Football Money League, social media followers incl. Facebook, Instagram, Twitter now X, YouTube, TikTok

## Most valuable players

The market value of the top 10 most valuable players in Europe is between € 100m to € 180m. Five of the top 10 stars play for a club in the Premier League, which again shows the financial power of the English teams when compared to its European peers. Jude Bellingham, a previous player of Borussia Dortmund (now at Real Madrid) is valued at € 150m. The top five ranked players of Borussia Dortmund have a market value of between € 40m (Nico Schlotterback, position 113) and € 35m (Gregor Kobel, position 161). Among the goalkeepers, Gregor Kobel is ranked on position 5, not far behind the no 1 (Diego Costa) with a market value of € 45m. The market value is not equal to a transfer price. The latter depends on what a club is willing to pay for a player.

## The most valuable players (as of November 2023)

#	Player	Age	Nat.	Club	Market value
1	 <b>Erling Haaland</b> Centre-Forward	23			€180.00m
2	 <b>Kyllian Mbappé</b> Left Winger	24			€180.00m
3	 <b>Jude Bellingham</b> Attacking Midfield	20			€150.00m
4	 <b>Bukayo Saka</b> Right Winger	22			€120.00m
5	 <b>Jamal Musiala</b> Attacking Midfield	20			€110.00m
6	 <b>Phil Foden</b> Left Winger	23			€110.00m
7	 <b>Harry Kane</b> Centre-Forward	30			€110.00m
8	 <b>Pedri</b> Central Midfield	20			€100.00m
9	 <b>Declan Rice</b> Defensive Midfield	24			€100.00m
10	 <b>Rodri</b> Defensive Midfield	27			€100.00m


















113	 <b>Nico Schlotterbeck</b> Centre-Back	23			€40.00m
125	 <b>Julian Brandt</b> Attacking Midfield	27			€40.00m
144	 <b>Karim Adeyemi</b> Left Winger	21			€35.00m
157	 <b>Donyell Malen</b> Right Winger	24			€35.00m
161	 <b>Gregor Kobel</b> Goalkeeper	25			€35.00m

Chart 15 - Source : transfermarkt

### Wages/revenue ratio

Over the last five years (2018 to 2022), clubs spent an average of 65% of their revenue on wages. During this period, the ratio ranged from an average of 46% (Tottenham Hotspurs) to an average of 80% for Paris Saint-Germain. Despite limited sporting success, the latter club's wages were in 2022 even higher than its generated revenues. The ratio of the two German clubs was below the average of the peer group.

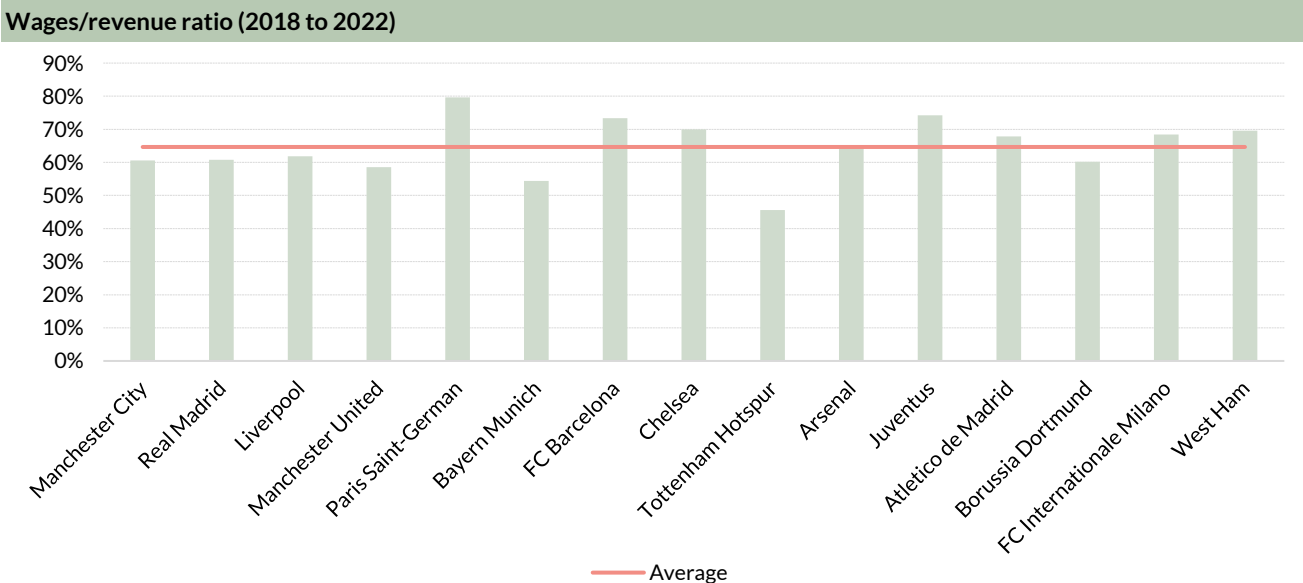


Chart 16 - Source: Deloitte Football Money League





# SUCCESS ON THE PITCH CREATES LONG TERM VALUE

*Borussia Dortmund traditionally pursues a more conservative approach when factoring success on the pitch and any associated earnings contributions into its forecast. Highly diversified income streams pay the way for future success.*

*Successful sporting performance in the Bundesliga and the regular participation in the European Club Competitions provides the financial flexibility to reinforce the squad and creates long-term value. As a result, we anticipate that revenues and EBIT will rise by 9.7% and 67.3% respectively (2022/23 to 2025/26e) with EBIT margins up by 220bp to 6.2% (2025/26e).*

## A virtuous cycle of success with highly diversified income streams

The company's business model is based on a virtuous cycle of success. A top position in the German football league gives consistent access to European competitions (for example UEFA Champions League) and generates larger revenues for the club. Young talented players are attracted to compete at the highest European level which in turn helps the club to retain, to develop and to maximize the value of these players.



Chart 17 - Source : Borussia Dortmund

The core business of the company is professional football with its classic pillars of revenue such as match operations, TV Marketing, advertising, retail (incl. merchandising, conference, catering) and transfers. These goals serve as the basis for the management of the company.

Over the last five years (2018/19 to 2022/23), TV marketing accounted for an average of ca. 45% of total revenues, followed by advertising (ca. 31%) and merchandising (around 9%). We believe that revenue from TV marketing will continue to be the major driver of total revenues for the club in the coming years.



**Pillars of revenue (€ m), 2018/19 to 2025/26e**

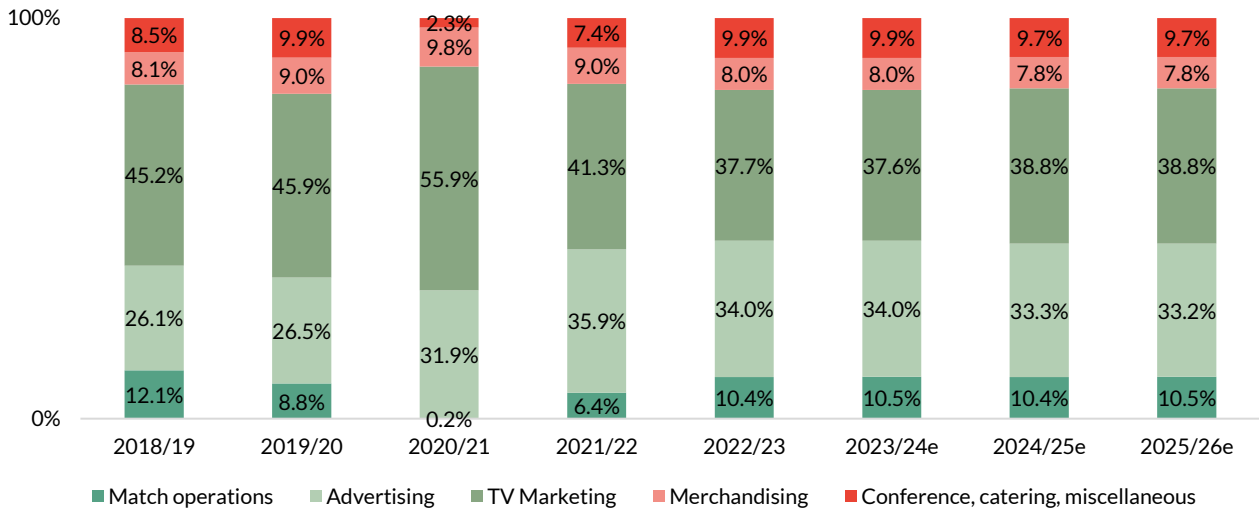


Chart 18 - Sources: Borussia Dortmund, ODDO BHF Securities

**Match operations**

BVB's revenue from match operations is split into revenue from domestic competition (ca. 71% of total, 2022/23), domestic and international cup (ca. 25% of total, 2022/23) and friendlies and totalled € 43.5m in 2022/23. With almost 100% stadium capacity utilization (incl. 55,000 season tickets) revenues from match operations provided a stable revenue stream (ca. €29m on average between 2018/19 and 2022/23) and returned to pre corona level during the 2022/23 season. We believe that moderate price adjustments and the successful competition in the domestic and international cup (in particular the UEFA Champions League) will lead to annual revenues of more than € 40m going forward.

**Revenue (€ m) from match operations, 2018/19 to 2022/23**

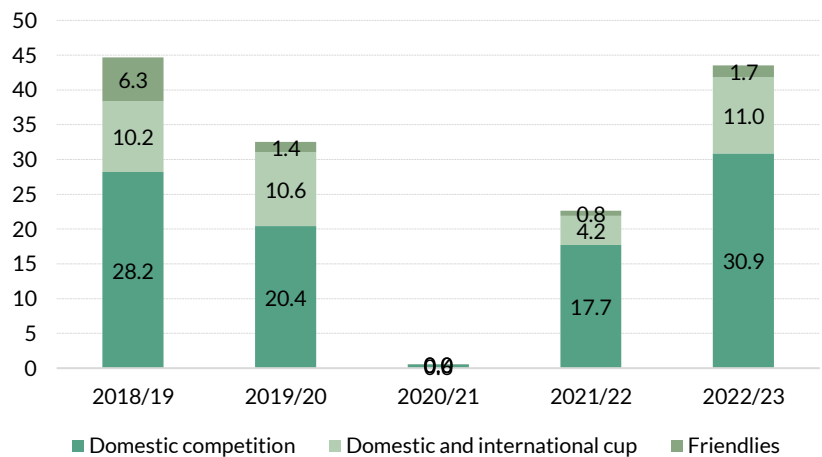


Chart 19 - Sources: Borussia Dortmund, ODDO BHF Securities



## Key revenue streams from match operations (2022/23)



### Key revenue streams



Chart 20 - Source: Borussia Dortmund; 1) based on unweighted average of available season tickets in 2022/23; 2) Financial year 2022/23

## TV Marketing

Revenues from TV marketing (domestic, international UEFA, domestic cup) have experienced enormous growth in recent years and make up the largest share of the company's sales with ca. 45% on average over the 2018/19 – 2022/23 period. Within TV marketing, domestic revenue has still major growth potential as Germany continues to be one of Europe's largest football markets. Under the current media rights contract (2020/21 to 2024/25), a total of € 4.4bn is distributed among the clubs of the Bundesliga and Bundesliga 2.

### Revenue (€ m) from TV marketing, 2018/19 to 2022/23

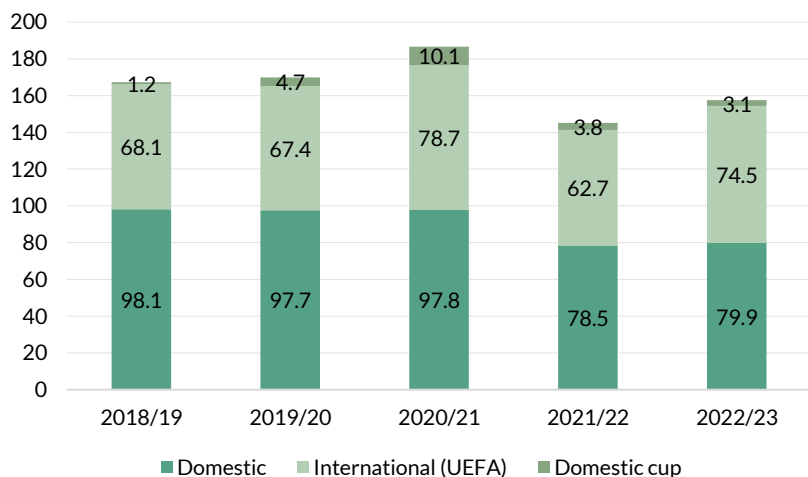


Chart 21 - Source: Borussia Dortmund



TV revenues (€ m) experienced enormous growth in recent years

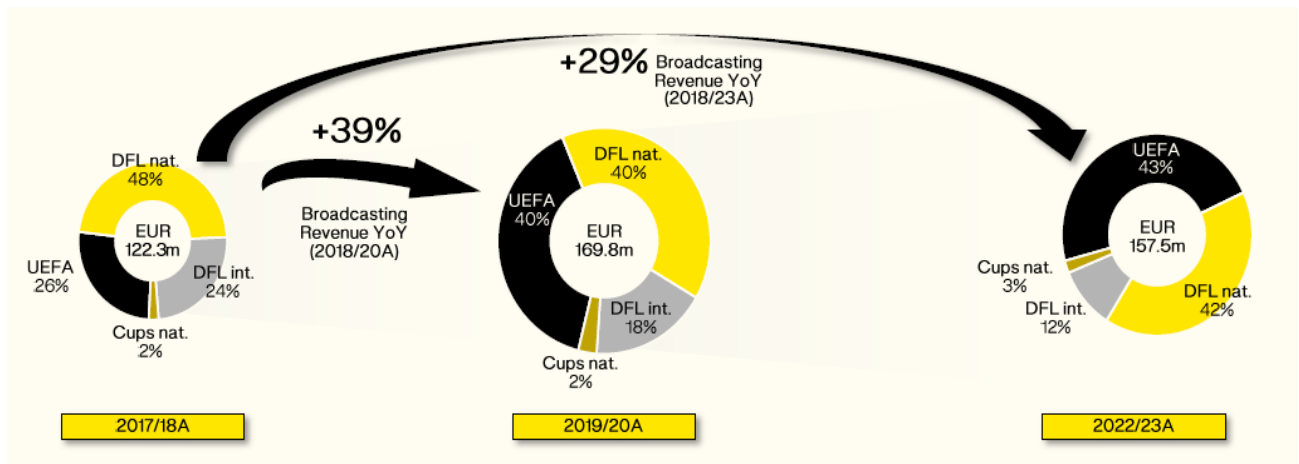


Chart 22 - Source: Borussia Dortmund

For the 2024/25 season, the UEFA Champions League will follow a new format. A total of 36 teams will play eight matches in a single league, signaling a departure from the six matches played under the current format's 32-team group stage. This will likely boost the international TV marketing revenue generated from competing in the UEFA Champions League.

Advertising

Over the years, advertising has grown to become one of the club's largest revenue categories, accounting for an average of ca. 31% of revenues (2018/19 to 2022/23). In contrast to central TV marketing, where distribution is already clearly defined in advance, BVB's management is itself able to determine the requirements for and direction of sponsoring activities and, if necessary, modify the strategy implemented as circumstances change. The key figures for the sponsoring segment were already budgeted for the coming years based on commitments from SIGNAL IDUNA Group (ending 2031) and the equipment supplier PUMA International Sports Marketing B.V. (ending 2028), the company's chief partners, as well as the two primary kit sponsors 1&1 Telecommunication SE and Evonik Industries AG (both ending 2025). This innovative sponsorship model (one kit sponsor for Bundesliga matches and another one for international club competitions) was developed as part of the internationalization strategy and promises additional revenue potential going forward. Furthermore, advertising revenue includes bonuses for sporting success, in particular for the Bundesliga finish and the UEFA Champions League. We believe that the expansion of sponsoring/VIP hospitality marketing and international digitalization offer high revenue growth potential in the future.



Revenue (€ m) from advertising, 2018/19 to 2022/23

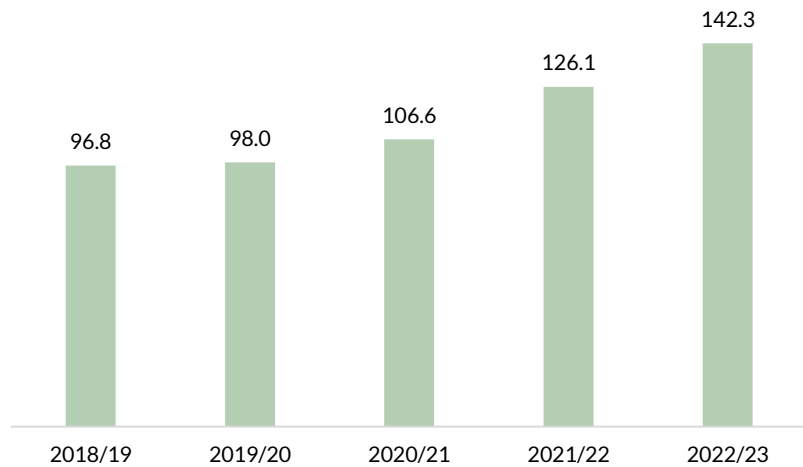


Chart 23 - Source: Borussia Dortmund

## Borussia Dortmund's advertising offers growth internationally

<p>Bundesliga      DFB / Champions league</p> <p><b>Variable jersey sponsorship</b></p>	<p><b>Digital internationalization</b></p>	<p><b>Marketing campaigns</b></p>
<p>Innovative main sponsorship with two jersey sponsors per sporting competition</p>	<p>Digitally overlaid banners to target international TV audiences</p>	<p>Players of Borussia Dortmund make frequent advertisements with our partners</p>

Chart 24 - Source: Borussia Dortmund

## Overview Sponsorship

- Main Partners:** I&I, EVONIK, PUMA, SIGNAL IDUNA PARK
- Champion Partner:** GLS, bwin, ROWE, eset, BRINKHOFF'S, SIGNAL IDUNA, wilo, HANKOOK, adesso
- Premium Partner:** apotal.de, atlas, Coca-Cola, DEW21, Eurowings, RÜGENWALDER MÜHLE, workday, STIEBEL ELTRON, sorare, coinbase, ROSIER, REWE
- Partner:** L'ORÉAL MEN EXPERT, H-Hotels.com, ARAL, schauinsland feisen, Mischel, TAPS, Ruhr Nachrichten, bri-x-ental, POCO, Getränk Weidlich, 21, OBO, FLEX, ggm gastro, Stötting, Enders, TENWAYS, ULLRICH

Chart 25 - Source: Borussia Dortmund



## Merchandising, Conference & Catering and miscellaneous

BVB generates merchandising revenues from its online business and its seven brick-and-mortar fan shops whereas conference & catering includes revenues from the hospitality areas, public catering services and events (for example: 850 events in 2022/23). We believe that BVB can generate additional revenues from marketing activities during the 2024 European Championships. The release fees for the national team players are part of miscellaneous.

### Non-matchday operations (€ m) offer upside for Borussia Dortmund

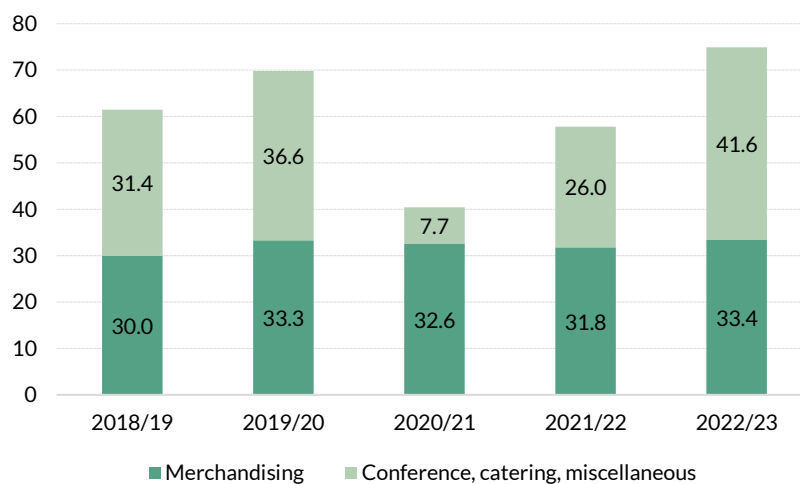


Chart 26 - Source: Borussia Dortmund

## Transfer deals

Transfer deals are an important part of the business and may represent a significant source of revenue. The transfer of players under contract between individual clubs can result in substantial cash inflows (for the selling club) or cash outflows (for the receiving club) as compensation for the premature termination of the player's employment contract. However, when transferring players, the agreed transfer fee is usually subject to certain deductions, depending on the player, the respective transfer agreement and the circumstances of its conclusion. Such reductions may relate, among other things, to compensation fees to be paid to the clubs that trained the player and participations on a contractual basis of third-party clubs for which the player had previously played or fees for agents. Furthermore, transfer fees are usually paid in several installments. In view of the developments in the economic environment, BVB on principle only takes transfer income into limited amount in its planning. The transfer policy nevertheless presents significant opportunities to generate substantial income. Consequently, transfer deals are always assessed against the background of the current season. High transfer sums often go hand in hand with a drop in quality within the team, but it cannot be ruled out that value-driven transfers will be concluded contrary to the company's sporting interests. Given the clubs sustained success, its players are increasingly targeted by other top clubs. Notable examples are the transfers of player Erling Haaland to Manchester City in July 2022 and player Jude Bellingham to Real Madrid in July 2023. Please note that transfer deals are part of consolidated total operating proceeds in the comprehensive income statement and not included in revenues.



## Transfer deals: proven track record of realizing strong return on players

Players	Initial Value <sup>(1)</sup>	Years at BVB	Selling Price <sup>(1)</sup>	ROI Multiple	Transfer Club
 <b>Jude Bellingham</b>	EUR 2.5m	3	EUR 103m	<b>41.2x</b>	
 <b>Erling Haaland</b>	EUR 20m	2.5	EUR 67m	<b>3.4x</b>	
 <b>Jadon Sancho</b>	EUR 8m	4	EUR 85m	<b>10.6x</b>	
 <b>Ousmane Dembélé</b>	EUR 14m	1.5	EUR 135m	<b>9.6x</b>	
 <b>Christian Pulisic</b>	EUR 0.5m	4	EUR 64m	<b>128x</b>	
 <b>Pierre-Emerick Aubameyang</b>	EUR 15m	4	EUR 64m	<b>4.3x</b>	
 <b>Henrikh Mkhitaryan</b>	EUR 28m	3	EUR 42m	<b>1.5x</b>	

Chart 27 - Source: Borussia Dortmund; (1) transfermarkt

Two players, Ousmane Dembele and Christian Pulisic, are examples of how BVB focuses on young, promising players and maximizes the value in a potential transfer.

## BVB in the sweet spot – accelerating high potentials and maximizing their value

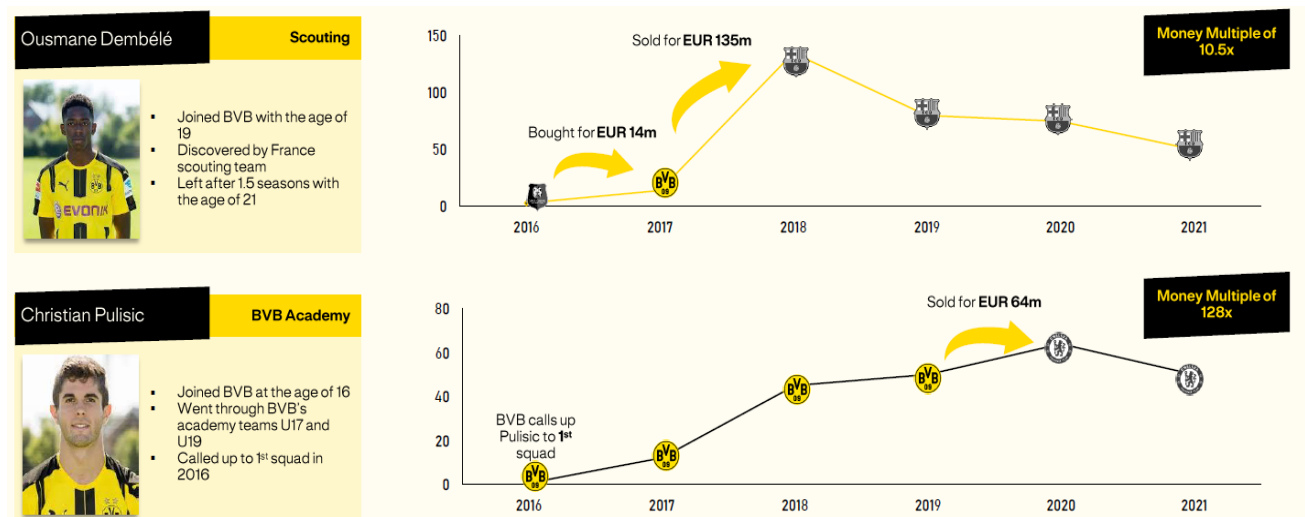


Chart 28 - Sources: Borussia Dortmund, based on reported transfer prices and market value estimates, transfermarkt

As can be seen in the table below, BVB's transfer policy can be viewed as conservative compared to the one of its European peers. In general, transfer expenses at BVB are only incurred in the same amount as the offsetting transfer income. Over the 2000/01 to 2022/23 period, BVB's transfer balance (difference between expenditure and income) was positive whereas other clubs incurred in part a significant negative transfer balance.



**Transfer income vs expenditure, European peers, 06/2021 to 06/2023**

€ bn	Expenditure	Income	Balance
Manchester City	-2.51	0.93	-1.58
Real Madrid	-2.28	1.40	-0.88
Liverpool	-1.79	1.11	-0.68
Manchester United	-2.27	0.77	-1.50
Paris Saint-Germain	-1.84	0.69	-1.15
Bayern Munich	-1.27	0.58	-0.69
FC Barcelona	-2.40	1.34	-1.06
Chelsea	-3.05	1.44	-1.61
Tottenham Hotspur	-1.61	0.93	-0.68
Arsenal	-1.58	0.75	-0.83
Juventus	-2.33	1.60	-0.73
Atletico de Madrid	-1.50	1.27	-0.23
<b>Borussia Dortmund</b>	<b>-1.04</b>	<b>1.06</b>	<b>0.02</b>
FC Internazionale Milano	-1.82	1.36	-0.46
West Ham	-1.07	0.56	-0.51

Table 29 - Source : transfermarkt

**Participation in European Club Competitions drives revenues and earnings**

**2023/24e – we are in line with guidance**

We believe that the participation in the lucrative group stage of the UEFA Champions League will be the main driver for higher revenues and earnings in the coming years. Having finished in second place in the German Bundesliga during the 2022/23 season, BVB qualified directly for the lucrative group stage of the UEFA Champions League. With the transfer of player Jude Bellingham to Real Madrid, the company also made a material contribution to earnings in the current financial year. As a result, we project 2023/24e revenues of € 426.8m (+2% yoy) and an EBIT of € 22.6m (+34% yoy) with EBIT margins up by 130bp yoy to 5.3%. Our estimates are in line with the company's revenue and EBIT guidance, but below consensus. Please note that transfer proceeds are not included in revenues.

**Company guidance vs estimates 06/2024e**

€ m	06/2023	06/2024 guidance		06/2024e	Chg y-o-y	ODDO BHF vs guidance		06/2024e consensus	ODDO BHF vs consensus
		Low	High			Low	High		
Revenue	418.2	427.0	427.0	426.8	2.1%	0.0%	0.0%	458.7	-6.9%
EBITDA	123.2	104.0	114.0	113.1	-8.2%	8.8%	-0.8%	144.5	-21.7%
Margin	29.5%	24.4%	26.7%	26.5%				31.5%	
EBIT	16.9	15.0	25.0	22.6	33.6%	50.7%	-9.6%	57.3	-60.6%
Margin	4.0%	3.5%	5.9%	5.3%				12.5%	

Table 30 - Sources: Borussia Dortmund, ODDO BHF Securities

**2024/25e and beyond – profitable growth ahead**

In the medium-term (until 2025/26e), we expect BVB to achieve revenues of € 458.6m and an EBIT margin of 6.2%. Due to the economic impact of the COVID-19 pandemic, BVB reported a negative EBIT margin in the financial years 2019/20 to 2021/22.





## Earnings Summary

€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Revenue	370.3	370.2	334.2	351.6	418.2	426.8	447.2	458.6
Change y-o-y		0.0%	-9.7%	5.2%	18.9%	2.1%	4.8%	2.6%
EBIT	23.5	-43.1	-72.1	-26.0	16.9	22.6	24.7	28.3
Change y-o-y		ns	67.1%	-63.9%	-165.0%	33.6%	9.3%	14.5%
EBIT margin	6.3%	-11.7%	-21.6%	-7.4%	4.0%	5.3%	5.5%	6.2%
Total net debt	-15.0	43.8	86.3	28.3	54.5	107.3	68.3	24.1
Change y-o-y		ns	96.9%	-67.2%	92.4%	87.6%	-38.4%	-70.5%
FCF (Company definition)	5.2	-51.1	-46.1	-16.3	-22.3	-36.8	48.2	53.3
Change y-o-y		ns	ns	ns	ns	ns	ns	10.6%

Table 31 - Sources: Borussia Dortmund, ODDO BHF Securities

Revenue from TV marketing accounted for an average of ca. 45% of total revenues (06/2019 to 06/2023), followed by Advertising (ca. 31%) and Merchandising (ca. 9%). We believe that with the additional revenue from the new format of the UEFA Champions League (beginning in 2024/25), TV marketing will remain the main contributor to total revenues.

## Revenue by stream

€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Match operations	44.7	32.5	0.6	22.7	43.5	44.6	46.6	48.0
Change y-o-y		-27.2%	-98.3%	ns	92.1%	2.5%	4.5%	3.0%
Advertising	96.8	98.0	106.6	126.1	142.3	145.1	148.7	152.5
Change y-o-y		1.2%	8.7%	18.3%	12.8%	2.0%	2.5%	2.5%
TV Marketing	167.3	169.8	186.7	145.1	157.5	160.7	173.5	177.8
Change y-o-y		1.5%	9.9%	-22.3%	8.6%	2.0%	8.0%	2.5%
Merchandising	30.0	33.3	32.6	31.8	33.4	34.0	34.9	35.7
Change y-o-y		11.0%	-2.0%	-2.6%	4.9%	2.0%	2.5%	2.5%
Conference, catering, miscellaneous	31.4	36.6	7.7	26.0	41.6	42.4	43.5	44.6
Change y-o-y		16.2%	-78.8%	235.7%	59.9%	2.0%	2.5%	2.5%
<b>Revenue</b>	<b>370.3</b>	<b>370.2</b>	<b>334.2</b>	<b>351.6</b>	<b>418.2</b>	<b>426.8</b>	<b>447.2</b>	<b>458.6</b>
Change y-o-y		0.0%	-9.7%	5.2%	18.9%	2.1%	4.8%	2.6%

Table 32 - Sources: Borussia Dortmund, ODDO BHF Securities

BVB guides for consolidated total operating proceeds (revenue plus gross transfer proceeds generated) of € 538m in the 2023/24 financial year (vs € 515m in 2022/23). Since 2018/19, gross transfer proceeds totaled more than € 100m per year (except for 2020/21 and 2022/23).

## Consolidated total operating proceeds

€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Revenue	370.3	370.2	334.2	351.6	418.2	426.8	447.2	458.6
Gross transfer proceeds	119.3	116.7	24.4	105.2	97.1	111.0	100.0	100.0
<b>Consolidated total operating proceeds</b>	<b>489.5</b>	<b>486.9</b>	<b>358.6</b>	<b>456.9</b>	<b>515.4</b>	<b>537.8</b>	<b>547.2</b>	<b>558.6</b>
Change y-o-y		-0.5%	-26.4%	27.4%	12.8%	4.4%	1.7%	2.1%

Table 33 - Sources: Borussia Dortmund, ODDO BHF Securities

As gross transfer proceeds and the resulting net transfer income (gross transfer proceeds less transfer costs and residual carrying amounts and other derecognised items) are difficult to budget, we have taken a conservative approach going forward and assume gross transfer proceeds of € 100m from 2024/25e until 2025/26e. Nevertheless, transfer deals will continue to contribute significantly to earnings in the coming years.

## Net transfer income

€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Gross transfer proceeds	119.3	116.7	24.4	105.2	97.1	111.0	100.0	100.0
Transfer costs	-15.1	-7.5	-1.3	-24.0	-3.9	-5.6	-5.0	-5.0
<b>Net transfer proceeds</b>	<b>104.1</b>	<b>109.2</b>	<b>23.1</b>	<b>81.2</b>	<b>93.2</b>	<b>105.5</b>	<b>95.0</b>	<b>95.0</b>
Residual carrying amounts and other derecognised items	-21.3	-69.0	-7.7	-18.3	-20.7	-25.0	-25.0	-25.0
<b>Net transfer income</b>	<b>82.9</b>	<b>40.2</b>	<b>15.4</b>	<b>62.9</b>	<b>72.5</b>	<b>80.5</b>	<b>70.0</b>	<b>70.0</b>

Table 34 - Sources: Borussia Dortmund, ODDO BHF Securities



**Personnel expenses – a major part of total operating expenses**

Cost management continues to be BVB's highest priority. Operating cost-effectively makes a material contribution to earnings, and BVB is unwavering in its efforts to achieve further optimization.

Total personnel expenses (incl. professional squad, retail and administration areas, amateur and youth football) account for approximately half of all operating expenses (incl. D&A). Portions of these personnel expenses are also dependent upon the club's sporting success, because the professional squad is compensated on the basis of its performance, meaning that these expenditures are always commensurate with the club's success, which itself is a source of income. We believe that personnel expenses continue to play a major part in the company's operating expenses and forecast expenses of ca. € 258m in 2025/26e or plus 9% vs. 2022/23 (equivalent to a CAGR +2.9% over the same period).

Total personnel expenses as a percentage of operating expenses								
€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Total personnel expenses	205.1	215.2	215.7	231.2	236.2	247.7	252.7	257.7
Change y-o-y		4.9%	0.2%	7.2%	2.2%	4.9%	2.0%	2.0%
Operating expenses (incl. D&A)	437.4	462.7	432.0	466.1	480.7	491.7	499.7	507.8
Change y-o-y		5.8%	-6.6%	7.9%	3.1%	2.3%	1.6%	1.6%
<b>Total personnel exp as a % of op expenses</b>	<b>46.9%</b>	<b>46.5%</b>	<b>49.9%</b>	<b>49.6%</b>	<b>49.1%</b>	<b>50.4%</b>	<b>50.6%</b>	<b>50.8%</b>

Table 35 - Sources: Borussia Dortmund, ODDO BHF Securities

Personnel expenses of the professional squad (incl. base salary, performance-based bonuses) rose by almost 11% over the last five years (2022/23 vs. 2018/19) and accounted for an average of ca. 80% of total personnel expenses over the same period. Performance-based bonuses (approx. 16% on average of the personnel expenses of the professional squad or 13% on average of total personnel expenses, 2018/19 to 2022/23) are paid out to the professional squad for example for the successful finish in the Bundesliga or the qualification for the group stage in the UEFA Champions League. The goal in the short to medium term is to make personnel expenses in the professional squad more variable with regard to sporting performance particularly in the UEFA competitions and the qualification for these competitions.

**Personnel expenses by segment (average 2018/19 to 2022/23)**

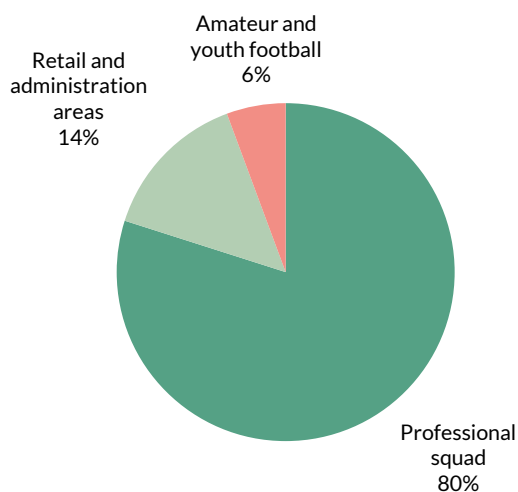


Chart 36 - Source: Borussia Dortmund



Personnel expenses of professional squad (€ m)

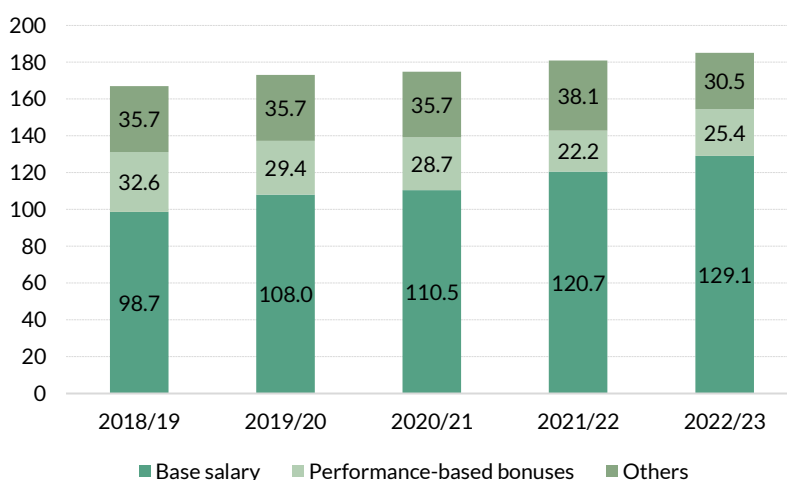


Chart 37 - Source: Borussia Dortmund

Consolidated statement of comprehensive income

€ m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Revenue	370.3	370.2	334.2	351.6	418.2	426.8	447.2	458.6
Change y-o-y		0.0%	-9.7%	5.2%	18.9%	2.1%	4.8%	2.6%
Net transfer income	82.9	40.2	15.4	62.9	72.5	80.5	70.0	70.0
Change y-o-y		-51.5%	-61.7%	308.4%	15.3%	10.9%	-13.0%	0.0%
Other operating income	7.7	9.2	10.4	25.6	6.8	7.0	7.2	7.5
Change y-o-y		18.7%	12.9%	146.5%	-73.3%	3.0%	3.0%	3.0%
Cost of materials	-21.3	-22.4	-19.6	-22.6	-24.1	-24.6	-25.2	-25.8
Change y-o-y		5.3%	-12.5%	15.6%	6.5%	2.0%	2.5%	2.5%
Personnel expenses	-205.1	-215.2	-215.7	-231.2	-236.2	-247.7	-252.7	-257.7
Change y-o-y		4.9%	0.2%	7.2%	2.2%	4.9%	2.0%	2.0%
Other operating expenses	-118.5	-119.0	-85.8	-102.4	-114.0	-128.9	-131.4	-134.1
Change y-o-y		0.4%	-27.9%	19.4%	11.3%	13.0%	2.0%	2.0%
<b>Operating result (EBITDA)</b>	<b>116.0</b>	<b>63.0</b>	<b>39.0</b>	<b>83.8</b>	<b>123.2</b>	<b>113.1</b>	<b>115.2</b>	<b>118.5</b>
Change y-o-y		-45.7%	-38.2%	115.2%	47.0%	-8.2%	1.8%	2.9%
EBITDA margin	31.3%	17.0%	11.7%	23.8%	29.5%	26.5%	25.7%	25.8%
D&A	-92.5	-106.1	-111.0	-109.8	-106.3	-90.5	-90.4	-90.2
Change y-o-y		14.8%	4.6%	-1.1%	-3.2%	-14.8%	-0.1%	-0.3%
<b>Result from op activities (EBIT)</b>	<b>23.5</b>	<b>-43.1</b>	<b>-72.1</b>	<b>-26.0</b>	<b>16.9</b>	<b>22.6</b>	<b>24.7</b>	<b>28.3</b>
Change y-o-y		-283.6%	67.1%	-63.9%	-165.0%	33.6%	9.3%	14.5%
EBIT margin	6.3%	-11.7%	-21.6%	-7.4%	4.0%	5.3%	5.5%	6.2%
Financial result	-1.7	-3.4	-1.1	-4.2	-6.1	-2.7	-2.9	-2.0
Change y-o-y		103.6%	-69.3%	295.4%	46.4%	-55.4%	5.8%	-30.6%
<b>Profit before income taxes</b>	<b>21.8</b>	<b>-46.6</b>	<b>-73.2</b>	<b>-30.2</b>	<b>10.8</b>	<b>19.9</b>	<b>21.8</b>	<b>26.3</b>
Income taxes	-4.4	2.6	0.3	-1.7	-1.2	-3.0	-3.3	-3.9
Income tax rate	-20%	-6%	0%	6%	-11%	-15%	-15%	-15%
<b>Net income for the year</b>	<b>17.4</b>	<b>-44.0</b>	<b>-72.8</b>	<b>-31.9</b>	<b>9.6</b>	<b>16.9</b>	<b>18.5</b>	<b>22.3</b>
Change y-o-y		-352.7%	65.7%	-56.2%	-129.9%	76.8%	9.8%	20.5%

Table 38 - Sources: Borussia Dortmund, ODDO BHF Securities

Capex - conservative and extremely prudent

The highest priorities for developing the club's core business will be making the club more competitive and improving its infrastructure. Borussia Dortmund is currently pursuing a more active transfer policy, although transfer expenses will generally only be incurred in the same amount as the offsetting transfer income. Likewise, promising investments were made and will again be made in the future in digitalizing and modernizing SIGNAL IDUNA PARK. Furthermore, in 2022/23, the company repurchased significant portions of the training ground in Dortmund-Brackel that had previously been leased. In order to minimize and avoid any financial risk, the company in principle pursues a conservative and extremely prudent Capex strategy and will not count on any uncertain sporting successes.



Capex includes 1) payments for investments in property, plant and equipment and 2) payments for investments in intangible assets (for example player registrations, agent and brokerage commissions). Over the 2018/19 to 2022/23 period, the company spent an average of 31% of revenues on intangible assets (or equivalent to an average of ca. 94% of total Capex). During the last financial year (2022/23), BVB invested € 126.4m in its player base (for example in Niklas Süle, Sébastien Haller, Karim Adeyemi or Nico Schlotterbeck). For the following years (2023/24e to 2025/26e), we assume average investments in intangible assets of ca. € 92m, which is below our estimate for average net transfer proceeds of ca. € 99m and in line with the company's conservative transfer policy. See table on page 25 for our net transfer proceeds forecast).

Capex								
€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Payments for investments in PP&E	-9.9	-6.2	-3.4	-1.7	-21.4	-13.5	-2.0	-2.1
Change y-o-y		-38%	-45%	-50%	ns	-37%	-82%	5%
Payments for investments in intangible assets	-129.5	-152.7	-88.3	-79.4	-126.4	-95.0	-90.0	-90.0
Change y-o-y		18%	-42%	-10%	59%	-25%	-5%	0%
<b>Total Capex</b>	<b>-139.4</b>	<b>-158.9</b>	<b>-91.7</b>	<b>-81.1</b>	<b>-147.9</b>	<b>-108.5</b>	<b>-92.0</b>	<b>-92.1</b>
Payments for investments in intangible assets as a % of total Capex	93%	96%	96%	98%	85%	88%	98%	98%

Table 39 - Sources: Borussia Dortmund, ODDO BHF Securities

## Highly attractive financial profile

We believe that the company will report an average positive FCF of almost € 51m (06/2025e to 06/2026e) as 1) cash flows from operating activities continue to increase and 2) cash flow from investing activities turn positive due to increased net proceeds from transfers based on a conservative transfer policy.

After reporting a positive FCF of ca. € 5.2m in 2018/19, BVB posted an average negative FCF of almost € 38m per year over the next three periods (06/2020 to 06/2022) on account of ongoing restrictions imposed in response to the COVID-19 pandemic and early elimination from international competitions (for example during the 2021/22 financial year). For 2023/24e, our FCF estimate of -€ 36.8m is below company guidance of -€ 26m. Upside risk to our FCF forecast includes the potential sale of receivables from transfer proceeds which we have not included in our numbers.

Free cash flow is defined as cash flows from operating activities plus cash flow from investing activities and is a key indicator used to ensure that cash flows from operating activities are sufficient to cover investments. Because BVB's strategic objective is to maximize sporting success without incurring new debt, free cash flow is a key indicator for the club. In light of steadily growing transfer sums, free cash flow is thus becoming increasingly important. Furthermore, it is an indicator used to determine whether the company has sufficient funds to finance the steady dividend payments to its shareholders. Therefore, Borussia Dortmund strives to continuously optimize free cash flow.

FCF								
€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Cash flow from operating activities	28.7	-0.4	15.9	35.1	54.4	26.7	37.5	41.7
Cash flow from investing activities	-23.5	-50.8	-62.0	-51.4	-76.8	-63.5	10.7	11.6
thereof								
Payments for investments in intangible assets	-129.5	-152.7	-88.3	-79.4	-126.4	-95.0	-90.0	-90.0
Net proceeds from transfers	115.8	108.1	29.7	30.0	71.1	45.0	102.7	103.7
Payments for investments in PP&E	-9.9	-6.2	-3.4	-1.7	-21.4	-13.5	-2.0	-2.1
Others	0.1	0.1	0.0	-0.2	0.0	0.0	0.0	0.0
<b>Free cash flow (company definition)</b>	<b>5.2</b>	<b>-51.1</b>	<b>-46.1</b>	<b>-16.3</b>	<b>-22.3</b>	<b>-36.8</b>	<b>48.2</b>	<b>53.3</b>

Table 40 - Sources: Borussia Dortmund, ODDO BHF Securities



We forecast cash & cash equivalents of € 4.0m at 2024/25e vs € 4.5m at the end of the 2022/23 period. The company has access to € 75m in overdraft facilities of which about € 10.5m had been drawn down at the end of the last financial year (2022/23).

Financial position								
€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Cash and cash equivalents at the beginning of the period	59.5	55.9	-4.7	1.7	10.6	4.5	-34.9	4.0
Cash flow from operating activities	28.7	-0.4	15.9	35.1	54.4	26.7	37.5	41.7
Cash flow from investing activities	-23.5	-50.8	-62.0	-51.4	-76.8	-63.5	10.7	11.6
Cash flow from financing activities	-8.8	-9.4	52.5	25.1	16.2	-2.6	-9.2	-9.2
Cash and cash equivalents at the end of the period	55.9	-4.7	1.7	10.6	4.5	-34.9	4.0	48.0

Table 41 - Sources: Borussia Dortmund, ODDO BHF Securities

At the end of June 2023, the financial leverage (net debt/EBITDA) amounted to 0.44x. As the company is expected to become profitable, we forecast a comfortable financial leverage position in the coming years.

Financial leverage (net debt / EBITDA)								
€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Financial liabilities	40.9	47.1	88.0	38.9	59.0	72.4	72.3	72.2
Cash and cash equivalents	-55.9	-3.3	-1.7	-10.6	-4.5	34.9	-4.0	-48.0
Net debt / (net cash)	-15.0	43.8	86.3	28.3	54.5	107.3	68.3	24.1
EBITDA	116.0	63.0	39.0	83.8	123.2	113.1	115.2	118.5
Net debt / EBITDA (X)	-0.13	0.70	2.22	0.34	0.44	0.95	0.59	0.20

Table 42 - Sources: Borussia Dortmund, ODDO BHF Securities

Working capital includes transfer receivables (part of trade receivables) and liabilities from transfer deals (part of trade payables). During the 2022/23 period, trade receivables increased by € 26m. This was due primarily to the increase (ca. € 18.3m) in transfer receivables in particular from transferring player Erling Haaland and Manuel Akanji to Manchester City.

Working capital								
€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Trade receivables	38.8	47.2	37.6	98.0	124.0	124.4	125.3	125.8
Inventories	4.6	6.8	6.8	4.4	5.4	5.5	5.6	5.6
Trade payables	-62.2	-137.1	-101.4	-109.3	-132.9	-133.3	-134.2	-134.8
Total WC	-18.8	-83.1	-57.0	-6.9	-3.4	-3.4	-3.3	-3.3
As a % of revenues	-5.1%	-22.4%	-17.0%	-1.9%	-0.8%	-0.8%	-0.7%	-0.7%

Table 43 - Sources: Borussia Dortmund, ODDO BHF Securities

At the end of June 2023, Borussia Dortmund's equity amounted to € 282.7m. This corresponds to an equity ratio of 55.2% and was below the June 2022 level (59.6%). The change was attributable to an increase in shareholder's equity (mainly due to a higher net profit) accompanied by a 12% (+€ 53.4m) increase in total assets. For 06/2024e, we anticipate an equity ratio of 55.5%.

In the first half of the financial year 2021/22, the company resolved and successfully implemented a capital increase against cash contributions. The share capital increased by around € 18.4m to ca. € 110.4m by issuing 18,396,220 new no-par value ordinary bearer shares. BVB generated gross issued proceeds of ca. € 86.5m from the capital increase.

Equity ratio above 55%								
€ m	06/2019	06/2020	06/2021	06/2022	06/2023	06/2024e	06/2025e	06/2026e
Equity	354.9	305.4	232.6	273.2	282.7	299.6	311.5	327.7
Total assets	500.1	518.0	450.5	458.4	511.8	540.0	550.3	563.9
Equity ratio	71.0%	59.0%	51.6%	59.6%	55.2%	55.5%	56.6%	58.0%

Table 44 - Sources: Borussia Dortmund, ODDO BHF Securities



**Dividend expected for 2023/24e**

Two key indicators are assessed to shape Borussia Dortmund dividend policy. On the one hand, BVB assesses its earnings situation, and in previous financial years it generated a net loss due to COVID-19 whereas in the financial years before the pandemic it generated a net profit. In the current financial year, the company will once again report a net profit for the year now the pandemic has waned. On the other hand, free cash flow is used to ensure that cash flows from operating activities are sufficient to cover investments. In order to remain competitive, BVB intends to use its net income for the year and cash and cash equivalents primarily for investments. The primary focus is on strengthening the professional squad, modernizing and digitalizing SIGNAL IDUANA PARK and expanding the training ground in Dortmund-Brackel. Despite these investments, it is the clubs aim to continue distributing a dividend to its shareholders every year, provided it generates a net profit. Against this background, on 30 June 2023, BVB reversed its revenue reserves amounting to ca. € 147.7m and partially reversed its capital reserve in an amount of ca. € 4.7m, which it offset against loss carryforwards from prior years. Thus, Borussia Dortmund GmbH & Co. KGaA is reporting net accumulated losses of € 0m for the 2022/23 financial year. This will legally allow BVB to once again pay its shareholders a dividend in future financial years, provided it generates the necessary net profits. A such, we believe that Borussia Dortmund will pay a dividend of € 0.06 (2023/24e), thereby offering a dividend yield of around 1%.

**Development of dividend and dividend yield**

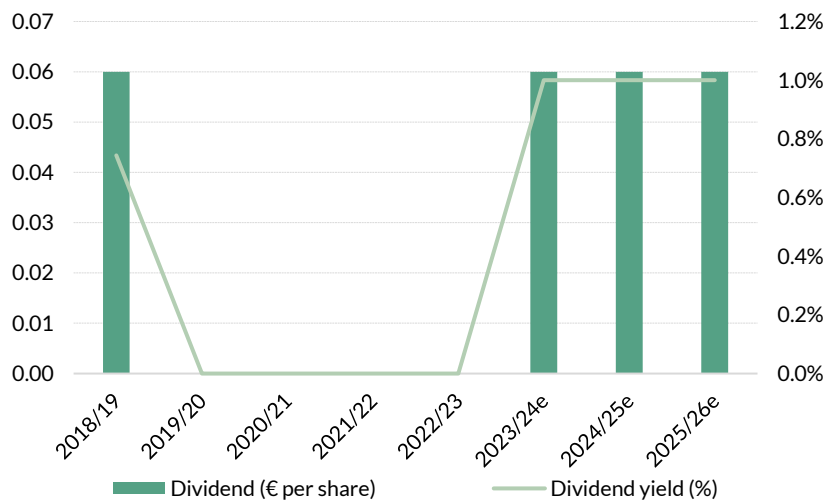


Chart 45 - Sources: Borussia Dortmund, ODDO BHF Securities



# INITIATION WITH AN OUTPERFORM RATING AND A TARGET PRICE OF € 5.00

We have used a DCF model and a valuation approach based on the multiples of BVB's peers (Manchester United, Olympique Lyonnais Groupe) to determine the fair value of the company. As consensus estimates for listed European football peers are limited (except for Manchester United and Olympique Lyonnais Groupe) and Manchester United is potentially being sold to investors (which is unlikely in Germany given the 50+1 Rule restricting investments by external investors), we prefer to take a conservative approach and have used the valuation method with the lowest fair value (DCF). This gives us a target price of € 5.00. We initiate coverage with Outperform.

## Shareholder structure and profiles

The company's largest shareholders are Bernd Geske (8.24%), Evonik Industries AG (8.19%), Signal Iduna (5.98%), Puma SE (5.32%), Ralph Dommermuth Beteiligungen GmbH (5.03%) and Ballspielverein Borussia 09 e.V. Dortmund, which holds a stake of 4.70% in the company. The free float of 67.24% includes the 4.70% of the Ballspielverein Borussia 09 e.V. Dortmund. BVB issued 110.39m shares of which 110.37m are outstanding. The IPO was on 31 October 2000.

### Shareholder structure (as of 31 October 2023)

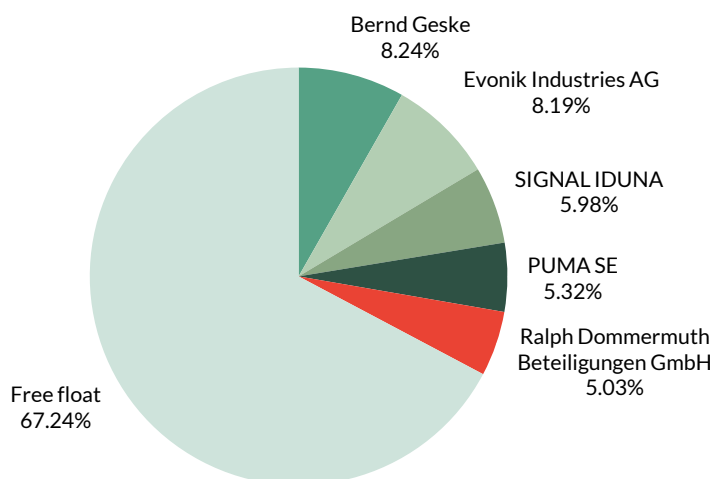


Chart 46 - Source: Borussia Dortmund, Free float of 67.24% includes Ballspielverein Borussia 09 e.V. Dortmund with 4.70%.

- **Bernd Geske** is Managing partner of Bernd Geske Lean Communication.
- **Evonik Industries AG:** Evonik is one of the world's leading specialty chemicals companies. The company is active in more than 100 countries around the world and generated sales of € 18.5bn and an operating profit (adjusted EBITDA) of € 2.49bn in 2022.



- **Signal Iduna:** The SIGNAL IDUNA Group offers insurance and financial services.
- **Puma SE:** Puma SE is a German multinational corporation that designs and manufactures athletic and casual footwear, apparel and accessories. Puma is the third largest sportswear manufacturer in the world. In 2022, the company generated sales of € 8.5bn and a gross profit margin of 46.1%.
- **Ralph Dommermuth Beteiligungs GmbH** is owned by Ralph Dommermuth. He is also the CEO of 1&1 AG.

## Share price development – mixed performance vs peer group

Since the beginning of 2020, the shares of BVB have underperformed the shares of its peers Manchester United (which is potentially being sold to investors) and Olympique Lyonnais Group (which has recently been sold). The shares of Juventus Football Club declined even more than the ones of BVB whereas the shares of AFC Ajax showed a similar performance. Since BVB's IPO on 31 October 2000, the shares dropped by almost 60% to € 3.76.

Share price development - BVB vs peer group

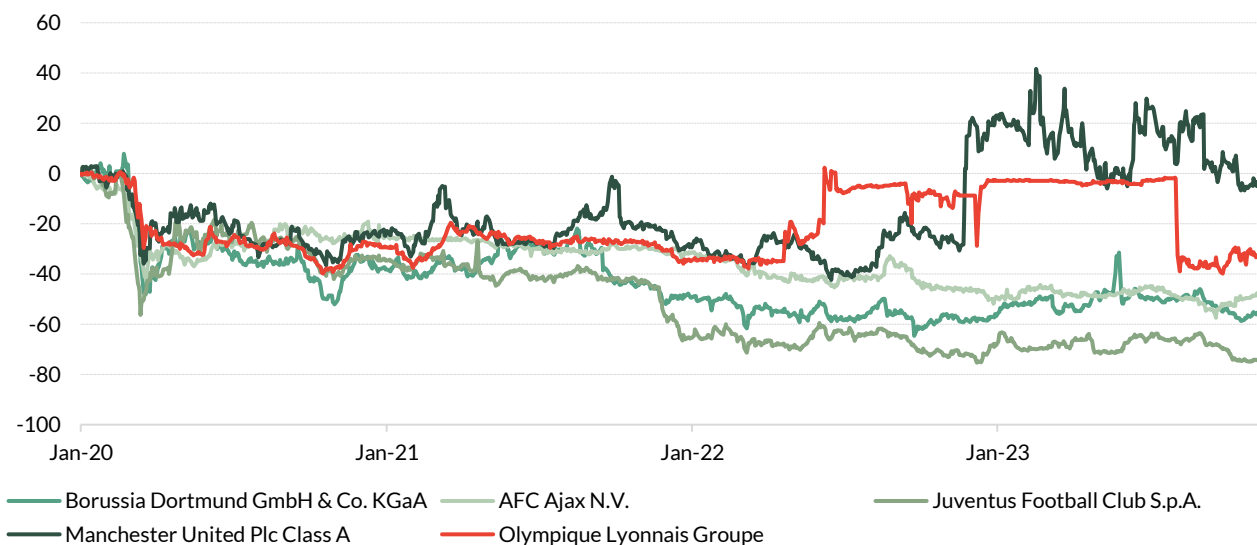


Table 47 - Sources: ODDO BHF Securities, FactSet

## Multiples at a discount to peer group

We have included four European listed football clubs in our peer group analysis (see table below). The market cap of these companies ranges from € 201m (AFC Ajax N.V.) to € 2.7bn (Manchester United Plc). Please note that multiples are only available for Manchester United and Olympique Lyonnais Groupe.

BVB trades at 1.22x 2023/24e EV/Sales, below its 10-year historical average of 1.31x EV/Sales and also at a discount to the median of its peer group.





## Borussia Dortmund vs peer group

x	Price (€)	Marketcap (€ m)	EV/Sales		EV/EBITDA		EV/EBIT	
			2023/24e	2024/25e	2023/24e	2024/25e	2023/24e	2024/25e
Peer group								
AFC Ajax	10.95	201	-	-	-	-	-	-
Juventus Football Club	0.26	647	-	-	-	-	-	-
Manchester United	16.96	2,756	4.33	4.03	16.2	14.5	-959.0	172.7
Olympique Lyonnais Groupe	2.01	346	2.15	2.77	14.3	-70.1	-192.8	-11.9
Average peer group			3.24	3.40	15.2	ns	ns	ns
Median peer group			3.24	3.40	15.2	ns	ns	ns
Borussia Dortmund estimate	3.66	404	1.22	1.08	4.6	4.2	23.1	19.6
<b>Borussia Dortmund vs median peer group</b>			<b>-62%</b>	<b>-68%</b>	<b>-70%</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>

Table 48 - Sources: ODDO BHF Securities, FactSet

- **AFC Ajax N.V.** engages in the management and operation of a football team. It also sells telecast rights, tickets, caps, apparel and sports equipment. The company was founded on 1 May 1998 and is headquartered in Amsterdam, the Netherlands.
- **Juventus Football Club S.p.A.** engages in the operation of a professional football club. Its core businesses are the participation in national and international competitions and the organization of matches. The company was founded on 1 November 1897 and is headquartered in Turin, Italy.
- **Manchester United Plc** engages in the operation of a professional football club. It operates through the following business segments: Commercial, Broadcasting, and Matchday. The company was founded in 1878 and is headquartered in Manchester, the United Kingdom.
- **Olympique Lyonnais Groupe** operates as a holding company, which manages a football club. It operates through the following divisions: Ticketing; Media and Marketing Rights; Sponsoring and Advertising; Brand-Related Revenue; and Player Trading. The company was founded on 1 February 1999 and is headquartered in Decines-Charpieu, France.

## Target price of € 5.00

Our DCF valuation gives us a fair value of € 4.94. By using a valuation method based on BVB's peer Manchester United and Olympique Lyonnais Groupe, the fair value of the shares is € 13.09. As consensus estimates for listed European football peers are limited (except for Manchester United and Olympique Lyonnais Groupe) and Manchester United is potentially being sold to investors (which is unlikely in Germany given the 50+1 Rule restricting investments by external investors), we prefer to take a conservative approach and have used the valuation method with the lowest fair value (DCF). This gives us a target price of € 5.00. We initiate coverage with Outperform.

Investment risks include:

- The success of the business strongly depends on the sporting performance of the Licensed Football Team, which can only be influenced to a limited extent. If the Licensed Football Team does not perform as expected (for example due to injuries or loss of important players), revenues (for example TV marketing) and net transfer income could significantly decrease.
- Default risks of media right holders, sponsors and other counterparties, which could adversely affect the club's financials.
- The foundation of alternative football competitions, including a pan-European "Super League", which may materially adversely affect the European football landscape and BVB's business.



Fair value based on a DCF: € 4.94

In this approach, we determine the fair value of BVB shares by using a DCF-model. This gives us a fair value of € 4.94.

The key inputs in our valuation are:

- Target enterprise value of € 652.2m. We use long-term projections until 06/2034e, a WACC of 8.53% (incl. a market risk premium of 5.66% and a risk-free rate of 3.58%, both are set by ODDO BHF's equity research department), a target debt/equity ratio of 20%/80% (which is slightly above the 2018/19 to 2022/23 average ratio of 16%/84%), a long-term growth rate of 3% and a terminal EBIT margin of 9% (in line with the average pre-corona level).
- Finally, we deduct net financial debt (2023/24e).

Borussia Dortmund – DCF overview

€ m	06/2025e	06/2026e	06/2027e	06/2028e	06/2029e	06/2030e	06/2031e	06/2032e	06/2033e	06/2034e
Revenues	447.2	458.6	470.3	482.3	495.4	509.2	524.0	539.7	555.9	572.6
Change y-o-y		2.6%	2.6%	2.6%	2.7%	2.8%	2.9%	3.0%	3.0%	3.0%
EBIT	24.7	28.3	32.0	35.9	39.6	43.3	47.2	48.6	50.0	51.5
Change y-o-y		14.5%	13.1%	12.0%	10.5%	9.2%	9.0%	3.0%	3.0%	3.0%
EBIT margin	5.5%	6.2%	6.8%	7.4%	8.0%	8.5%	9.0%	9.0%	9.0%	9.0%
Theoretical tax	-3.7	-4.2	-4.8	-5.4	-5.9	-6.5	-7.1	-7.3	-7.5	-7.7
Tax rate (%)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
NOPAT	21.0	24.1	27.2	30.5	33.7	36.8	40.1	41.3	42.5	43.8
(+) Depreciation & Amortization	90.4	90.2	89.9	89.6	92.1	94.6	97.4	100.3	103.3	106.4
(-) Capex	-92.0	-92.1	-92.2	-92.3	-94.8	-97.5	-100.3	-103.3	-106.4	-109.6
(+/-) Changes in WC	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2
Operational CF	19.5	22.2	25.0	27.9	31.1	34.1	37.3	38.5	39.6	40.8
Discounted FCF	18.5	19.4	20.1	20.7	21.3	21.5	21.7	20.6	19.6	18.6
Sum of discounted FCF	202.0									
Terminal value	450.2									
Growth to infinity	3.0%									
Enterprise value	652.2									
Net cash / (net debt)	-107.3									
Equity valuation	544.9									
Number of shares ('000)	110,377									
Value per share (€)	4.94									

Table 49 - Source: ODDO BHF Securities

WACC calculation

WACC	8.53%
Risk free rate	3.58%
Market risk premium	5.66%
Beta	1.08
Cost of equity	9.70%
Interest rate	4.56%
Tax rate	15.00%
Cost of debt	3.88%
Debt	20.0%
Equity	80.0%

Table 50 - Source: ODDO BHF Securities

Sensitivity analysis – WACC vs terminal growth

€		WACC				
		7.5%	8.0%	8.5%	9.0%	9.5%
Terminal growth rate	2.0%	5.00	4.45	3.99	3.60	3.26
	2.5%	5.62	4.97	4.42	3.96	3.56
	3.0%	6.40	5.60	4.94	4.39	3.93
	3.5%	7.39	6.38	5.57	4.91	4.36
	4.0%	8.68	7.37	6.35	5.54	4.88

Table 51 - Source: ODDO BHF Securities



## Sensitivity analysis – WACC vs terminal EBIT margin

€		WACC				
		7.5%	8.0%	8.5%	9.0%	9.5%
EBIT margin	8.0%	5.71	5.00	4.42	3.93	3.52
	8.5%	6.06	5.30	4.68	4.16	3.73
	9.0%	6.40	5.60	4.94	4.39	3.93
	9.5%	6.75	5.89	5.20	4.62	4.13
	10.0%	7.10	6.19	5.46	4.85	4.34

Table 52 - Source: ODDO BHF Securities

## Fair value based on peer group: € 13.09

In this approach, we have used the multiples of BVB's peers Manchester United and Olympique Lyonnais Groupe to determine the fair value of the shares. Based on our estimates, the fair value per share ranges from € 11.55 (2023/24e EV/Sales) to € 14.63 (2023/24e EV/EBITDA) leading to an average fair value of € 13.09 per share.

## Valuation based on peer Manchester United

€ m	EV/Sales		EV/EBITDA		EV/EBIT	
	2023/24e	2024/25e	2023/24e	2024/25e	2023/24e	2024/25e
Borussia Dortmund estimate	426.8	447.2	113.1	115.2	22.6	24.7
Multiples median peer group (x)	3.24	3.40	15.2	ns	ns	ns
<b>EV Borussia Dortmund</b>	<b>1,381.9</b>	<b>1,520.3</b>	<b>1,722.0</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>
Net cash / (net debt)	-107.3	-68.3	-107.3	-68.3	-107.3	-68.3
Market cap	1,274.5	1,452.1	1,614.7	ns	ns	ns
Number of shares (m)	110.4	110.4	110.4	110.4	110.4	110.4
<b>Value per share (€)</b>	<b>11.55</b>	<b>13.16</b>	<b>14.63</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>

Table 53 - Sources: Borussia Dortmund, ODDO BHF Securities, FactSet



# APPENDIX

## BVB Group

The object of Borussia Dortmund GmbH & Co. KGaA and its Group companies is to operate a professional football club and to leverage the economic benefits of the associated potential stream of revenue, in particular from marketing SIGNAL IDUNA PARK. In addition to its primary business, Borussia Dortmund also operates in football-related areas. The Company currently holds six fully consolidated investments in BVB Stadionmanagement GmbH (100%), BVB Merchandising GmbH (100%), BVB Event & Catering GmbH (100%), besttravel dortmund GmbH (100%), BVB Fußballakademie GmbH (100%), BVB Asia Pacific Pte. Ltd. (100%) and one associated company (Orthomed GmbH, 33.33%). Borussia Dortmund's group structure is presented in the chart below.

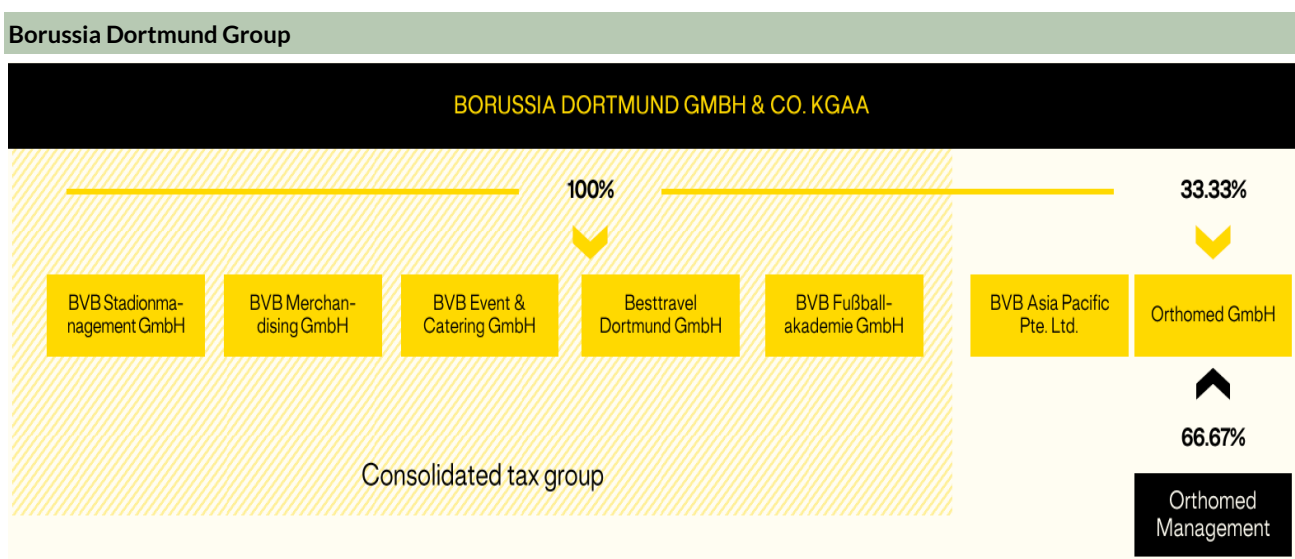


Chart 54 - Source: Borussia Dortmund

## Legal structure

The legal structure of Borussia Dortmund was designed to ensure that close (legal) ties remained between the club and the company. Borussia Dortmund Geschäftsführungs-GmbH, the general partner of Borussia Dortmund GmbH & Co. KGaA, is responsible for management and representation of the latter.

Borussia Dortmund Geschäftsführungs-GmbH is for its part represented by Managing Directors Hans-Joachim Watzke (CEO), Thomas Treß (CFO) and Carsten Cramer (CMO).



Legal structure of Borussia Dortmund

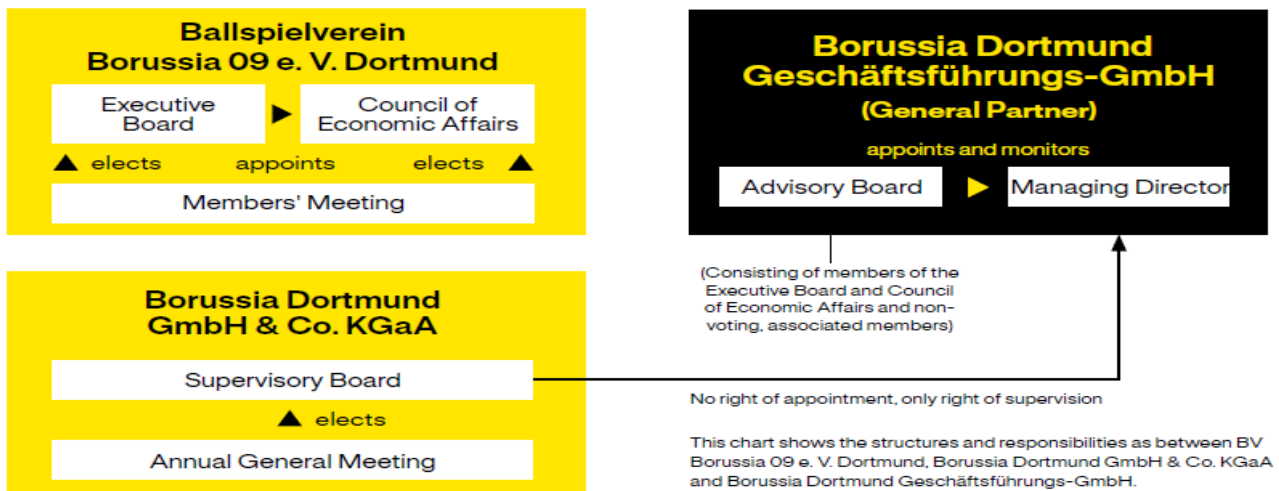


Table 55 - Source: Borussia Dortmund

## Members of the management board with many years of experience in the company

Borussia Dortmund's management board consists of three members. We like the composition of the board as its members have varied backgrounds and many years of significant experience.

Management Board



Table 56 - Source: Borussia Dortmund, from left Hans-Joachim Watzke (CEO), Thomas Treß (CFO), Carsten Cramer (CMO)

**Hans-Joachim Watzke** is the CEO and for over 19 years at Borussia Dortmund. He was appointed as the managing director of Borussia Geschäftsführungs-GmbH by the presidential committee of the advisory board of Borussia Dortmund Geschäftsführungs-GmbH on 15 February 2005 at the climax of the existential crisis of Borussia Dortmund. Hans-Joachim Watzke has sole powers of representation and is exempted from the limitations of section 181 of the German Civil Code (BGB). The business graduate (Diplom-Kaufmann), who grew up as a fan of Borussia Dortmund, is also the sole owner of Watex-Schutz-Bekleidungs-GmbH, a prominent manufacturer of protective clothing for workers and fire departments located in the Sauerland. Hans-Joachim Watzke has been a member of BV Borussia 09 e.V. Dortmund since 1996. From 1 July 2005 until 31 December 2005 he acted as the sole managing director of Borussia Dortmund Geschäftsführungs-GmbH. He has been the chairman of the management board since 1 January 2006.

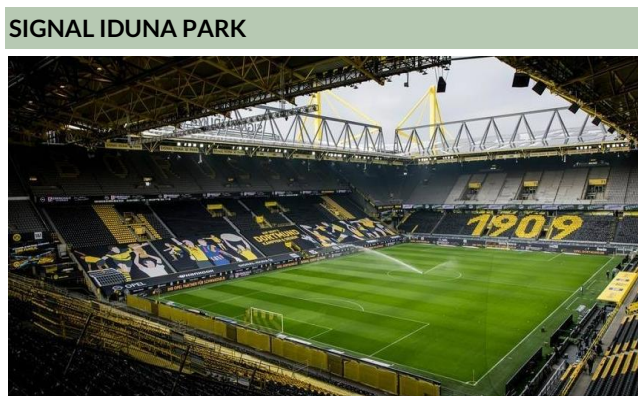


**Thomas Treß** is the CFO and for over 18 years at Borussia Dortmund. He was appointed as the second managing director by 11 October 2005 by the presidential committee of the advisory board of Borussia Dortmund Geschäftsführungs-GmbH. Since 1 January 2006, Thomas Tress has been responsible for "finances", "organisation", "legal" & "IT" and like Hans-Joachim Watzke he has sole powers of representation and is exempted from the limitations of section 181 BGB. Thomas Tress, educated as a tax advisor, auditor, and business graduate (Diplom-Kaufmann), was a partner with general powers of representation in the auditing firm "RölfsPartner" before becoming a manager in Dortmund and was a key figure responsible in the restructuring of the Borussia Dortmund Group in the scope of this work.

**Carsten Cramer** is the CMO and for over 14 years at Borussia Dortmund. He began his professional career as Managing Director and Head of Marketing at the traditional football club "Preußen Münster". He then moved to sports rights marketing agency "Ufa" (later "Sportfive"). There Cramer was first as a Sportfive team leader at Hamburger SV and from 2002 to 2007, finally in the same capacity, at BVB. From 2007 to 2010, Cramer was responsible for the nationwide marketing and sales business as Senior Vice-President at Sportfive headquarter in Hamburg, before joining Borussia Dortmund on October 1, 2010 as Director of Sales & Marketing. For some years, the digitization and internationalization strategy has also been a major focus of his work. His other functions at BVB include the co-management of BVB Merchandising GmbH as well as the board activity in the BVB Foundation "Leuchte Auf". As of March 1, 2018, Carsten Cramer was appointed as managing director of Borussia Dortmund Geschäftsführungs-GmbH; he has joint representative authority with another managing director and is exempted from the restrictions of § 181 BGB.

## SIGNAL IDUNA PARK

SIGNAL IDUNA PARK, named after SIGNAL IDUNA Group since 2005, is Germany's largest Bundesliga stadium as well as one of the largest stadiums in Europe. The SIGNAL IDUNA PARK has been the venue of Borussia Dortmund since 1974 and has hosted international football tournaments on several occasions as well as home matches of the German national team. Given the consistently high demand for tickets (more than two-thirds of the 81,365 seats are occupied by regular stadium goers) and the correspondingly high utilization (average crowd of 80,600 compared to an average crowd of ca. 42,500 for a German Bundesliga match during the 2022/23 season), SIGNAL IDUNA PARK serves as a key foundation for the economic success of the club, particularly in terms of ticket sales, but also in terms of advertising placement, catering and hospitality services.



Charts 57 - Source: Borussia Dortmund



## First team 2023/24

Team of Borussia Dortmund (2023/24 season)



Chart 58 - Source: Borussia Dortmund

## Functional areas

Within Borussia Dortmund GmbH & Co KGaA, there are eight independent functional areas of below the management level, namely: “Sports”, “Communications”, “Human Resources”, “Organisation”, “Finance”, “Legal & IR”, “Marketing & Digitalisation”, and “Internationalisation/Commercial Partnerships”. The responsible employees during the reporting period and the functional organizational areas of which they are in charge can be seen in the chart below:

Functional areas of Borussia Dortmund

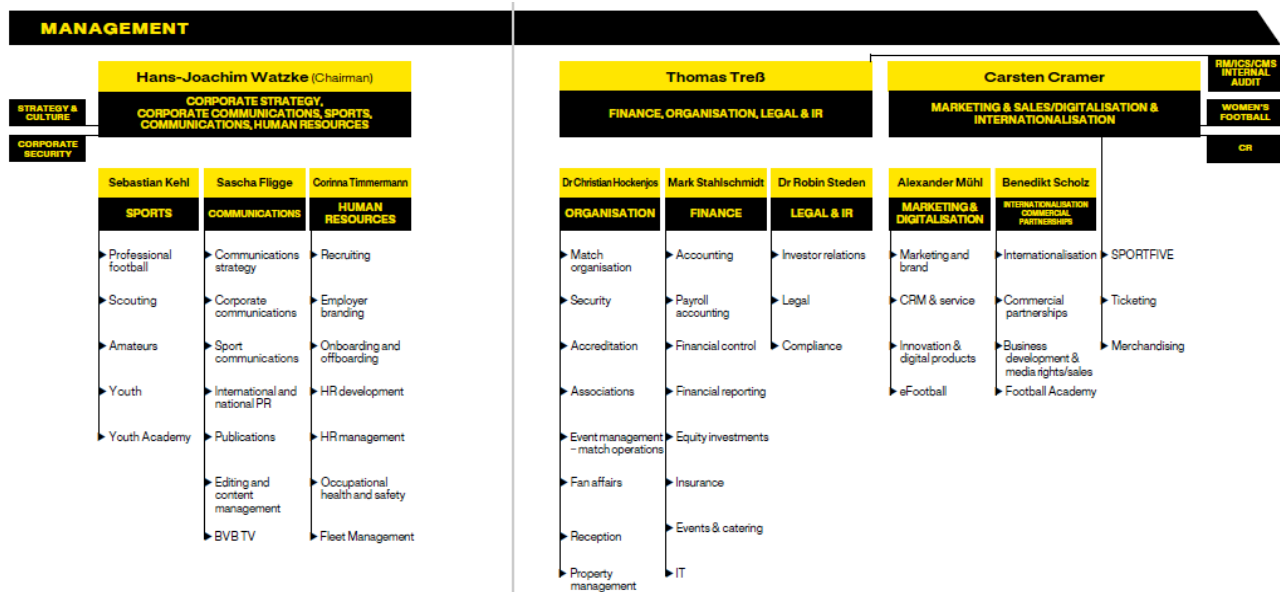


Chart 59 - Source: Borussia Dortmund



## Recognition of income and expenses

Revenue is measured on the basis of the consideration set out in contracts with customers. The Group recognizes revenue when (or as) it transfers control over a good or service to a customer.

Recognition of income and expenses		
Type of product/service	Primarily	Revenue recognition in accordance with IFRS 15
Match operations	Ticket proceeds	Revenue is recognised at a point in time (date of match).
Advertising	Sponsorship agreements	Revenue is recognised over time in line with the term of the agreement; performance-based bonuses are recognised at a point in time.
TV marketing	Centralised national/international TV marketing	Revenue is recognised over time; performance-based bonuses are recognised at a point in time.
Merchandising	Sale of fan merchandise/granting of licences	Revenue from fan merchandise is recognised at a point in time. Revenue from licences is recognised over time in line with the term of agreement.
Conference, catering, miscellaneous	Related to match-day operations	Revenue is recognised at a point in time.

Chart 60 - Source: Borussia Dortmund





**BVB.PR | BVB GY**  
**Leisure | Germany**

**Outperform**

Price 3.76 €

Upside 32.98%

TP 5.00 €

PER SHARE DATA (€)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Adjusted EPS	0.19	-0.48	-0.79	-0.29	0.09	0.15	0.17	0.20
Reported EPS	0.19	-0.48	-0.79	-0.29	0.09	0.15	0.17	0.20
Growth in adjusted EPS	-	ns	ns	ns	ns	76.8%	9.8%	20.5%
Net dividend per share	0.06	0.00	0.00	0.00	0.00	0.06	0.06	0.06
FCF to equity per share	-1.20	-1.73	-0.82	-0.42	-0.85	-0.74	-0.49	-0.46
Book value per share	3.86	3.32	2.53	2.47	2.56	2.71	2.82	2.96
Number of shares market cap (m)	92.00	92.00	92.00	110.40	110.40	110.40	110.40	110.40
Number of diluted shares (m)	92.00	92.00	92.00	110.40	110.40	110.40	110.40	110.40
VALUATION (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
12m highest price (€)	9.81	9.68	9.26	6.70	4.47	5.88		
12m lowest price (€)	4.86	6.83	4.11	4.12	3.03	3.55		
(*) Reference price (€)	7.76	7.85	5.45	4.62	3.96	3.76	3.76	3.76
Capitalization	714	722	501	510	437	415	415	415
Restated Net debt	-15.0	43.8	86.3	28.3	54.5	107	68.3	24.1
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Enterprise Value</b>	<b>699</b>	<b>766</b>	<b>587</b>	<b>538</b>	<b>492</b>	<b>522</b>	<b>483</b>	<b>439</b>
P/E (x)	41.0	ns	ns	ns	45.8	24.6	22.4	18.6
P/CF (x)	24.9	ns	11.9	5.8	8.4	15.5	11.1	9.9
Net Yield	0.8%	0.0%	0.0%	0.0%	0.0%	1.6%	1.6%	1.6%
FCF yield	ns	ns	ns	ns	ns	ns	ns	ns
P/B incl. GW (x)	2.01	2.36	2.15	1.87	1.55	1.39	1.33	1.27
P/B excl. GW (x)	2.01	2.36	2.15	1.87	1.55	1.39	1.33	1.27
EV/Sales (x)	1.89	2.07	1.76	1.53	1.18	1.22	1.08	0.96
EV/EBITDA (x)	6.0	12.2	15.1	6.4	4.0	4.6	4.2	3.7
EV/Current EBIT (x)	29.7	ns	ns	ns	29.1	23.1	19.6	15.5
(*) historical average price								
PROFIT AND LOSS (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Sales	370	370	334	352	418	427	447	459
EBITDA	116	63	39.0	84	123	113	115	118
Depreciations	-92.5	-106.1	-111.0	-109.8	-106.3	-90.5	-90.4	-90.2
<b>Current EBIT</b>	<b>23.5</b>	<b>-43.1</b>	<b>-72.1</b>	<b>-26.0</b>	<b>16.9</b>	<b>22.6</b>	<b>24.7</b>	<b>28.3</b>
Published EBIT	23.5	-43.1	-72.1	-26.0	16.9	22.6	24.7	28.3
Net financial income	-1.7	-3.4	-1.1	-4.2	-6.1	-2.7	-2.9	-2.0
Corporate Tax	-4.4	2.6	0.3	-1.7	-1.2	-3.0	-3.3	-3.9
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	17.4	-44.0	-72.8	-31.9	9.6	16.9	18.5	22.3
<b>Adjusted attributable net profit</b>	<b>17.4</b>	<b>-44.0</b>	<b>-72.8</b>	<b>-31.9</b>	<b>9.6</b>	<b>16.9</b>	<b>18.5</b>	<b>22.3</b>
BALANCE SHEET (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	164	230	193	128	170	183	191	200
Tangible fixed assets	184	193	183	172	182	187	180	173
WCR	11.1	-65.5	-39.4	13.6	11.1	11.1	11.1	11.2
Financial assets	23.2	20.4	10.0	24.7	11.5	60.7	29.5	-3.4
Ordinary shareholders equity	355	305	233	273	283	300	312	327
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	355	305	233	273	283	300	312	327
Non-current provisions	42.1	28.3	28.5	37.1	37.3	34.8	32.3	29.8
<b>Net debt</b>	<b>-15.0</b>	<b>43.8</b>	<b>86.3</b>	<b>28.3</b>	<b>54.5</b>	<b>107</b>	<b>68.3</b>	<b>24.1</b>
CASH FLOW STATEMENT (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
EBITDA	116.0	63.0	39.0	83.8	123.2	113.1	115.2	118.5
Change in WCR	0.0	76.6	-26.1	-53.0	2.5	0.0	0.0	0.0
Interests & taxes	-2.6	0.4	-0.3	3.9	5.1	-2.5	-2.9	-3.7
Others	-84.7	-140.4	3.4	0.3	-76.4	-83.9	-74.8	-73.0
Operating Cash flow	28.7	-0.4	16.0	35.0	54.4	26.7	37.4	41.7
CAPEX	-139.4	-158.9	-91.7	-81.1	-147.9	-108.5	-92.0	-92.1
<b>Free cash-flow</b>	<b>-110.7</b>	<b>-159.3</b>	<b>-75.7</b>	<b>-46.1</b>	<b>-93.4</b>	<b>-81.8</b>	<b>-54.6</b>	<b>-50.4</b>
Acquisitions / disposals	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
Dividends	-5.5	-5.5	0.0	0.0	0.0	0.0	-6.6	-6.6
Net capital increase	0.0	0.0	0.0	86.5	0.0	0.0	0.0	0.0
Others	-3.3	-3.9	-4.4	-4.4	-5.4	-2.5	-2.5	-2.5
Change in net cash	-	-58.8	-42.5	58.0	-26.2	-52.8	39.0	44.2
GROWTH MARGINS PRODUCTIVITY	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Sales growth	-	0.0%	-9.7%	5.2%	18.9%	2.1%	4.8%	2.6%
<b>lfl sales growth</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current EBIT growth	-	ns	ns	ns	ns	33.6%	9.3%	14.5%
Growth in adjusted EPS	-	ns	ns	ns	ns	76.8%	9.8%	20.5%
Net margin	4.7%	-11.9%	-21.8%	-9.1%	2.3%	4.0%	4.1%	4.9%
<b>EBITDA margin</b>	<b>31.3%</b>	<b>17.0%</b>	<b>11.7%</b>	<b>23.8%</b>	<b>29.5%</b>	<b>26.5%</b>	<b>25.7%</b>	<b>25.8%</b>
<b>Current EBIT margin</b>	<b>6.3%</b>	<b>-11.7%</b>	<b>-21.6%</b>	<b>-7.4%</b>	<b>4.0%</b>	<b>5.3%</b>	<b>5.5%</b>	<b>6.2%</b>
CAPEX / Sales	-37.6%	-42.9%	-27.4%	-23.1%	-35.4%	-25.4%	-20.6%	-20.1%
WCR / Sales	3.0%	-17.7%	-11.8%	3.9%	2.6%	2.6%	2.5%	2.4%
Tax Rate	20.3%	5.6%	0.5%	-5.6%	11.4%	15.0%	15.0%	15.0%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	1.0	1.0	1.1	1.2	1.1	1.2	1.2
<b>ROCE post-tax (normative tax rate)</b>	<b>-</b>	<b>-8.4%</b>	<b>-14.5%</b>	<b>-5.6%</b>	<b>3.5%</b>	<b>4.3%</b>	<b>4.5%</b>	<b>5.2%</b>
ROCE post-tax hors GW (normative tax rate)	-	-8.4%	-14.5%	-5.6%	3.5%	4.3%	4.5%	5.2%
ROE	-	-13.3%	-27.1%	-12.6%	3.4%	5.8%	6.1%	7.0%
DEBT RATIOS	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Gearing	-4%	14%	37%	10%	19%	36%	22%	7%
Net Debt / Market Cap	-0.02	0.06	0.17	0.06	0.12	0.26	0.16	0.06
<b>Net debt / EBITDA</b>	<b>-0.13</b>	<b>0.70</b>	<b>2.22</b>	<b>0.34</b>	<b>0.44</b>	<b>0.95</b>	<b>0.59</b>	<b>0.20</b>
EBITDA / net financial charges	68.0	18.3	34.2	19.7	20.0	41.1	39.6	58.6

Sources: ODDO BHF Securities, SIX



- **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

- **Sensitivity of the result of the analysis/ risk classification:**

The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

- **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Outperform: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Underperform: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

- **The prices of the financial instruments used and mentioned in this document are the closing prices.**

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### Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
23/11/23	Outperform	5.00	3.64	Klaus Breitenbach

In accordance with Article 20 of European Regulation No. 596/2014 (Market Abuse Regulation), a list of all recommendations on any financial instrument or issuer that have been disseminated over the past twelve months is available by clicking on the following link [www.securities.oddo-bhf.com/#disclaimer](http://www.securities.oddo-bhf.com/#disclaimer).

### Recommendation split

		Outperform	Neutral	Underperform
Our whole coverage	(675)	52%	37%	11%
Liquidity providers coverage	(80)	50%	36%	14%
Research service coverage	(49)	63%	22%	14%
Investment banking services	(28)	57%	36%	7%

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